

MEETING  
CALIFORNIA STATE BOARD OF  
FOOD & AGRICULTURE  
SPECIAL BOARD MEETING

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE  
1215 O STREET  
FOURTH FLOOR CONFERENCE ROOM, A477  
SACRAMENTO, CALIFORNIA

MONDAY, AUGUST 23, 2004  
10:10 A.M.

Reported by  
James Ramos

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

APPEARANCES

BOARD MEMBERS PRESENT

Karen Johnson, Chairperson

Drue P. Brown

A. Charles, Crabb, Ph.D.

Mary Eisen Cramer

Robert Feenstra

W.R. "Reg" Gomes, Ph.D.

Charlie Hoppin

William (Bill) Lyons, Jr.

Marvin A. Meyers

Niaz Mohamed

William Moncovich

Mary Borba Parente

Karen Ross

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APPEARANCES

ALSO PRESENT

A.G. Kawamura, Secretary, Department of Food and Agriculture

Chuck Ahlem, Undersecretary, Department of Food and  
Agriculture

John C. Dyer, Chief Counsel, Department of Food and  
Agriculture

Senator Liz Figueroa, Senator  
California State Senate

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## 1 P R O C E E D I N G S

2 CHAIRPERSON JOHNSON: The meeting will please come  
3 to order. I'd like welcome everyone to today's meeting of  
4 the State Board of Food and Agriculture.

5 If I could ask the Members of the Board to please  
6 stand, so we may do the Pledge of Allegiance.

7 (Pledge of Allegiance.)

8 CHAIRPERSON JOHNSON: Okay, I'd like to do roll  
9 call. Drue Brown?

10 BOARD MEMBER BROWN: Good morning. Here.

11 CHAIRPERSON JOHNSON: Dr. Brown?

12 BOARD MEMBER BROWN: Good morning.

13 CHAIRPERSON JOHNSON: Mary Cramer?

14 BOARD MEMBER CRAMER: Here.

15 CHAIRPERSON JOHNSON: Bob Feenstra?

16 BOARD MEMBER FEENSTRA: Here.

17 CHAIRPERSON JOHNSON: Reg Gomes?

18 (No audible answer.)

19 CHAIRPERSON JOHNSON: John Hayashi?

20 (No audible answer.)

21 CHAIRPERSON JOHNSON: John Hisserich?

22 (No audible answer.)

23 CHAIRPERSON JOHNSON: Charlie Hoppin?

24 BOARD MEMBER HOPPIN: Yes.

25 CHAIRPERSON JOHNSON: William Lyons?

1 (No audible answer.)

2 CHAIRPERSON JOHNSON: Craig McNamara?

3 (No audible answer.)

4 CHAIRPERSON JOHNSON: Marvin Meyers?

5 BOARD MEMBER MEYERS: Here.

6 CHAIRPERSON JOHNSON: Niaz Mohamed?

7 BOARD MEMBER MOHAMED: Here.

8 CHAIRPERSON JOHNSON: William Moncovich?

9 (No audible answer.)

10 CHAIRPERSON JOHNSON: Mary Parente?

11 BOARD MEMBER PARENTE: Here.

12 CHAIRPERSON JOHNSON: And Karen Ross?

13 BOARD MEMBER ROSS: Here.

14 CHAIRPERSON JOHNSON: Okay, we have a quorum.

15 CHAIRPERSON JOHNSON: If I could, I'd like each

16 Board Member to briefly state what area they represent and  
17 what their background is in agriculture.

18 So if we can start with you, Mary?

19 BOARD MEMBER PARENTE: Yes, good morning,  
20 everyone. I represent the Inland Empire. I'm from San  
21 Bernardino County. I'm in the dairy business in Ontario,  
22 California. Formerly, Chino, California. The Agriculture  
23 Preserve has been annexed to Ontario. And that's my  
24 business, I'm a dairy person.

25 CHAIRPERSON JOHNSON: Thank you.

1 CHAIRPERSON JOHNSON: Mary?

2 BOARD MEMBER CRAMER: I'm Mary Cramer,  
3 representing Riverside County, in Southern California,  
4 representing the egg, and poultry, and feet industry.

5 BOARD MEMBER FEENSTRA: Bob Feenstra, manage the  
6 Milk Producer's Council. I'm representative in the Inland  
7 Empire, Riverside County.

8 BOARD MEMBER BROWN: Good morning, my name's Drue  
9 Brown. I'm representing Sacramento in environmental aspects  
10 and also water.

11 BOARD MEMBER CRABB: I'm Charlie Crabb, I'm the  
12 Dean of the College of Agriculture at CSU Chico. My  
13 position on the Board is to represent the ag. programs for  
14 the California State University. The four ag. programs and  
15 campuses are Pomona, San Luis Obispo, Fresno, and Chico  
16 State.

17 My background in agriculture before has been in  
18 education, my area of specialty is pest management.

19 BOARD MEMBER HOPPIN: I'm Charlie Hoppin and I'm a  
20 farmer. I live in Yuba City, California, and farm in  
21 Sutter, Yolo, and Colusa Counties. I grow rice, walnuts,  
22 and quite a few melons. Thank you.

23 CHAIRPERSON JOHNSON: Marvin?

24 BOARD MEMBER MEYERS: I'm Marvin Meyers. I'm a  
25 grower in the Central Valley, Fresno Fireball area,



1 diversified grower. I'm a Director of San Luis Water  
2 District. And most of my background has been in  
3 agriculture, almost all my life, and I'm representing the  
4 Central Valley.

5 BOARD MEMBER ROSS: Good morning. I'm Karen Ross  
6 and I'm President of the California Association of Wine  
7 Grape Growers, representing the State's wine and wine grape  
8 industry. And I'm very pleased that John Kautz, a very  
9 famous grower and vintner, and former chair of this Board is  
10 here today, he's one of our members. And it's the people  
11 like him that make my job so great.

12 BOARD MEMBER MOHAMED: My name is Niaz Mohamed,  
13 I'm a farmer out of the Imperial Valley area. We're  
14 diversified growers. We're also involved in the cattle  
15 business to a certain extent. I graduated from Cal Poly and  
16 with an agronomy background.

17 CHAIRPERSON JOHNSON: Thank you. Just to go over  
18 the process today, each individual who wants to provide oral  
19 comments, a card has been issued. It's an index card. And  
20 it's important to note that we also do accept written  
21 testimony. So in lieu of offering your spoken comments  
22 today, you may do that as well.

23 And the verbal testimony is being transcribed and  
24 it will be available on the internet within a couple of  
25 weeks.

1 I respectfully request that your comments be  
2 limited to three minutes. I will hold an index card in the  
3 up position, which simply requests comments to be wrapped  
4 within a minute or so.

5 We are going to have a presentation by  
6 Secretary Kawamura, as well as our Chief Counsel, John Dyer.  
7 But before we get started, Marvin, we have a few  
8 distinguished guests here. If you would like to introduce  
9 them or if they'll be coming in later?

10 BOARD MEMBER MEYERS: Yeah, they're not here yet.  
11 Thank you.

12 CHAIRPERSON JOHNSON: Okay. All right. So if we  
13 can go ahead and -- Karen?

14 BOARD MEMBER ROSS: I have a question on  
15 procedure. Will we be able to ask questions, or some  
16 dialogue, as testimony's presented, or do you want us to  
17 wait until everybody's done or --

18 CHAIRPERSON JOHNSON: Yeah, the Board will be  
19 asking questions throughout their testimony.

20 BOARD MEMBER ROSS: Right. And it won't count on  
21 their three minutes; right?

22 CHAIRPERSON JOHNSON: Right.

23 BOARD MEMBER ROSS: We get our own three minutes.

24 CHAIRPERSON JOHNSON: Right. Okay, so why don't I  
25 go ahead and turn the meeting over to John Dyer, our Chief

1 Counsel, and the Secretary should be here any minute now.

2 CHIEF COUNSEL DYER: The Secretary has a few  
3 general remarks he wants to make to you, so we're about to  
4 inverse the order that we had planned, and I'm going to talk  
5 to you about some specifics, and then he can talk to you  
6 about some general.

7 Can everyone hear me now? I feel like a telephone  
8 commercial.

9 But the Secretary has some general remarks that he  
10 wishes to make. We had planned to do those first, and then  
11 it was my turn to do some specific material. I think, in  
12 light of the circumstances, I'm going to go ahead and start  
13 with some specific material and then break when the  
14 Secretary gets here.

15 Is that okay with everyone or is that going to be  
16 too confusing? Okay.

17 The California Performance Review contains, they  
18 say, 1,150 specific recommendations. I've read these  
19 recommendations over and over again, there are 2,500 pages  
20 of documents found on the web. There's also 5,000 pages, in  
21 addition to those 2,500 pages, that are not found on the  
22 web. Those are specific language changes that are  
23 associated with portions of the 2,500 recommendations.

24 Of those 2,500 recommendations, I would say most  
25 of them are really two to three recommendations, rather than

1 just one. So you're talking about a massive work here,  
2 thousands of recommendations.

3 The recommendations were put together by 14  
4 committees that worked separately, not together. So it  
5 shouldn't be surprising that some of the recommendations,  
6 found in some of the groups, are actually in conflict with  
7 some of the recommendations found in other of the groups.

8 It was the view of CPR that the best ideas should  
9 win, not that a cohesive plan be presented. So that's one  
10 of the things that you all should be aware of, as you review  
11 CPR.

12 The Secretary is here and I'll return the meeting,  
13 then, to him.

14 SECRETARY KAWAMURA: Sorry to be late. We were  
15 over at the University of Davis, where they were fortunate  
16 today to have a grant of just under \$5 million given to them  
17 from Homeland Security. It's finally becoming very clear  
18 that the vulnerability of our nation to any kind of an  
19 introduction into the food and animal sectors would be a  
20 very difficult thing for us, and if it was intentionally  
21 done, obviously.

22 The report that was given, was kind of this great  
23 partnering that happens between the federal level, the state  
24 level, of course, Department of Health Services, also the  
25 universities, everybody's daily working on food safety. As

1 it stands, it's not as if we don't have the same  
2 vulnerability to an accidental introduction.

3 And so it was a nice chance to say, in a public  
4 forum, that whether it's accidental or intentional, this  
5 vulnerability exists always. We have a tremendous  
6 infrastructure here, in this State, to be able to detect,  
7 identify, and then act. Any dollars that we can invest in  
8 that infrastructure is wisely spent.

9 And so it was nice, at least, to see the  
10 Department of Homeland Security there, they had a giant  
11 check, they presented it to us, and presented it to the  
12 WIFSS, which is the Western Institute for Food Safety and  
13 Security, which was founded with the block grants from the  
14 federal level, and so we were pretty happy.

15 So my apologies for being a little late. And,  
16 boy, a lot of familiar faces. I know that you guys have  
17 already been started.

18 I can only say, in a brief amount of time, the  
19 Department of Agriculture's role in CPR, California  
20 Performance Review, at this time is an informational one.  
21 We've been asked by the Governor to stay neutral.

22 We will certainly, upon listening, and hearing,  
23 and reading through public testimony, public comments, have  
24 then our chance to assess how this impacts our Department,  
25 how we feel it impacts the State, and then at the Cabinet

1 level have our chance to weigh in. The expectation of the  
2 Governor is to weigh in with everything we've got, in terms  
3 of how we see it.

4 This process, then, is so very critical for us to  
5 get a chance to ask all of you, through the State Board, to  
6 take a good hard look at what CPR means. What its  
7 potentiality is in terms of changing, or staying the same,  
8 or hurting. Positive or negative, the way agriculture  
9 exists in this State.

10 I think, more importantly, many people have stated  
11 that it is one of those rare opportunities, with a Governor  
12 that is interested in change, for an industry, Ag industry,  
13 and some of the other, many of the other groups,  
14 departments, and industries, and agencies with in the State,  
15 but specifically in this room, at this time, a chance for  
16 agriculture to define what it wants to be in the year 2030,  
17 2040, 2050, or in the year 2005, next year.

18 We've all been given a chance, we've been given a  
19 green light from the Governor, aside from CPR, to try and be  
20 more proactive, more imaginative, think out of the box,  
21 start to look for partnerships.

22 He's demanded, for those of us that are  
23 Secretaries, to work closer together to refine partnerings  
24 that make sense for the State, we're in this enormous  
25 financial crisis.

1           And I will say this, with the deficit where it is,  
2 I think we all would recognize that it constrains, maybe,  
3 exactly where the California Performance Review might have  
4 gone had we not been in a deficit.

5           And I say that very easily because it's clear that  
6 if many of these recommendations, many of these suggestions  
7 that have come through the process, if they are enormously  
8 costly, with no immediate economic return, that is a concern  
9 during a time of tremendous deficits. So it's not  
10 necessarily that a good idea, that costs quite a bit of  
11 money, let's just use a complete restructuring of our  
12 information technology, how we communicate the programming,  
13 the software that would have to go into changing how a State  
14 communicates with itself. Evidently, we're still using some  
15 systems, some Cobalt systems, some very old computer  
16 languages that are, for all intents and purposes, are dead  
17 today, but these are the systems we still have. To change  
18 those is a very expensive procedure.

19           There's no doubt that down the road we need to do  
20 that, anybody would tell you that that's what we need to do.  
21 Do we have the resources to do that at this time? That  
22 might end up being CPR 2, CPR 3, CPR 4, as this process is  
23 supposed to be an ongoing exercise in governance reform that  
24 happens year after year, after year.

25           What I'd like to do, just for bragging rights

1 only, I think, many of you have had a chance to read through  
2 all of the text, or some of the text, and we know that our  
3 department was singled out in the Performance Review  
4 process, by those 250 plus committee members, and they wrote  
5 us up as "the model type of vertically integrated, customer-  
6 focused and mission-driven department that this  
7 organizational framework effort, to try and change  
8 government, that this State should try and replicate."

9 Now, that's quite a heavy compliment, but it also  
10 comes with a strong burden. I'll be the first to say  
11 if -- and I can say this in a public forum, if some of the  
12 streamlining, some of the efforts, some of the efficiencies  
13 that our department possesses are taken away at any given  
14 time, I would be able to say to you that may impact our  
15 ability to maintain this streamlined, effective, vertically  
16 integrated kind of department.

17 And so I can say that, very clearly, what affects  
18 us, then clearly affects ag. industry.

19 Ag. industry, and the Department, as many of you,  
20 it just took me a little while to take off my Farm Bureau  
21 and Western Growers hat, as a produce grower, and recognize  
22 that having a hat of the Department of Agriculture was a new  
23 role, a new responsibility, and that the Department is here  
24 to help facilitate and ensure the delivery of that safe food  
25 supply, with the proper stewardship, with a fair



1 marketplace.

2 But without that working relationship being  
3 endorsed, being understood, and being invested in, boy, we  
4 all know that we have difficulty delivering on that mission.

5 I think, at this point, what I'd like to say is  
6 let's not think of this day, and the turnout here is  
7 wonderful, let's not think of this day as a point where  
8 we're having any resolution of anything that's being  
9 proposed in CPR, let's please understand this to be a  
10 starting day of a chance to work together. And for me,  
11 surely letting the processes that be, the leaders within  
12 industry, and every face in here is a leader within  
13 industry, and there's a lot more that couldn't make it  
14 today, on short notice, there will be a lot of other  
15 industries that certainly are impacted by what happens with  
16 the CPR process, but let's just make sure that we know this  
17 is a starting point for, again, what agriculture might be in  
18 this State.

19 If there is a future for agriculture, why would  
20 anybody else want to let that future be decided by people  
21 who don't understand the industry.

22 And so I can only say that there's a tremendous  
23 weight, I think, for all of us.

24 And in light of a national policy that's changing,  
25 many of you recognize that the Farm Bill, in this upcoming

1 2007, the Farm Bill looks like it is going to have some  
2 significant challenges and changes to what it means for the  
3 nation to have an agricultural policy, with an agricultural  
4 future that encourages domestic food security, a future for  
5 ag. in a tough global world.

6 We know that the subsidy systems are being  
7 challenged. Now, they may or may not be able to evolve, and  
8 our guess is they will. But this is a time and point where  
9 as organized as this industry becomes in California will  
10 also dictate how well organized they are as they look at  
11 that broader scope of a Farm Bill that will be written  
12 either by this State, in conjunction with all the other  
13 states, or will be excluded from the process because we  
14 didn't organize well enough.

15 So those are all concepts that I know that are  
16 weighing on all of us. But at the same time isn't it great,  
17 isn't it really, really great to have some opportunities to  
18 really come together and unite around common goals and  
19 common thoughts.

20 So with that, I don't know that I need to read  
21 much more through this Chapter 12 page, that shows that  
22 we've got a couple of recommendations that directly impact  
23 the Department, including a movement of the Weights and  
24 Measures Division out of our Department, is one of the  
25 recommendations.

1           A recommendation to move the Food Safety component  
2 out of Health Services, into our Department. These are  
3 recommendations, proposals, if you will, that are out there.  
4 I won't comment on those today, you are certainly welcome to  
5 do that.

6           Karen, why don't you go ahead and lead us off,  
7 then, on what we want to do next.

8           All of you know that we have upcoming hearings,  
9 August 27th in San Jose. That was general government, it's  
10 on Information Technology, Performance-Based Management,  
11 Procurement and Personnel.

12           Los Angeles, September 9th, at the Natural History  
13 Museum, is Education, Training, and Volunteerism. Those of  
14 you who are involved with education, you mind understand  
15 that, interestingly enough, there's a school lunch program  
16 that's housed within education. There's a whole lot of  
17 other kinds of education programs that the University of  
18 California is here represented, the California State system  
19 is here represented. Education's a big thing, so that's  
20 September 9th.

21           Long Beach is September 10th, at Cal State Long  
22 Beach. That's Corrections Reform and Public Safety. Public  
23 safety is a big thing that affects this industry.

24           In Fresno, very important one, September 17th, at  
25 Cal State Fresno. This is the one that has Resource

1 Conversation and Environmental Protection. It affects us  
2 tremendously. And that's where many of you might have  
3 comments about that today.

4 And in Davis, on September 27th, Government  
5 Reorganization, that will be at UC Davis. Government  
6 reorganizations which affects, again, this movement of some  
7 of the boxes. All of these different categories have  
8 profound potential effects on this industry, and so we'd  
9 encourage you to participate in that process at the highest  
10 level.

11 In addition, as you all know, public testimony,  
12 you've heard, in written form, whether you're able to show  
13 up, there's been a tremendous amount of complaints that at  
14 these public forums there hasn't been enough time for those  
15 who show up to give their presentation in a three-minute  
16 capsule, and still even give that, let alone be heard on a  
17 panel.

18 There's an effort to try and address that and make  
19 a broader level of participation open to those affected  
20 stakeholders, but at the same time you're written comments  
21 are weighed equally. They're supposed to be sent in, and  
22 please do that e-mail, or snail mail, they all are saying  
23 that they're very important, they want to hear those.

24 Aside from that, I guess we'll go ahead and go on  
25 then. Thanks, Karen.

1           CHAIRPERSON JOHNSON: Okay. I'm going to turn it  
2 over to John Dyer, our Chief Counsel, and then after he  
3 provides his statements, I'll be reading a statement from  
4 the Western Growers.

5           CHIEF COUNSEL DYER: Hello, again. When last I  
6 was talking to you, I mentioned that there were probably  
7 triple the number, 1,150 formal recommendations, in terms of  
8 changes, and that it was a massive development. And I think  
9 I mentioned to you that some of them are inconsistent with  
10 each other.

11           I want to focus on 28 recommendations out of the  
12 1,150. These are recommendations that I think are worthy of  
13 Agriculture's attention. 26 of these 28 deal with  
14 resources, and by resources I mean how the State will manage  
15 air quality in the future, how the State will manage the  
16 water issues in the future, how the State will manage land  
17 use, planning, and control in the future, and how they will  
18 manage the CalFED undertaking in the future.

19           There are a number of interesting provisions here.  
20 One calls for an independent financial audit of CalFED. The  
21 balance of those 26 carefully structure how land use  
22 planning, water planning, air resources planning will be  
23 conducted in the future and ensure a place at the table for  
24 urban interest, and for environmental interest. Ag. is not  
25 seen anywhere in those proposals. That's the first set of

1 things I would like to call to your attention.

2           The second set of issues deal with two specific  
3 proposals that relate to our department. They're not part  
4 of the organizational structure, changes that are dealt with  
5 separately, they're considered policy changes. They are to  
6 transform, over a period of time, fairs and commodity boards  
7 into public corporations. There has been some question out  
8 there of what a public corporation is. A public corporation  
9 is like your special district, school district, city or  
10 county, basically a unit of government other than the State  
11 of California's Executive Branch. And that's true for both  
12 the fair and the commodity board proposal.

13           If these proposals, these latter two proposals do  
14 happen to go through the process all the way to the end, and  
15 we've got many steps ahead of us, then the Department's  
16 committed to working with both groups of people to make sure  
17 that the end product is useful and acceptable.

18           Back to the other 26. These are issues that would  
19 take a very long time to explain in detail, but the heart of  
20 it is Agriculture's place at the table and all those issues  
21 which affect its future into the 21st, 22nd, and 23rd  
22 centuries, none more important, perhaps, than the water  
23 policy and the land use policy.

24           There are some essentially inconsistent proposals  
25 dealing with who's in charge. Some proposals have the new

1 Infrastructure Department being in charge. Some proposals  
2 have this responsibility split between the Environmental  
3 Protection Agency and Resources.

4 Again, the only place Agriculture appears in these  
5 proposals is in a description of open space. So that, in  
6 essence, is why we're here, to talk to you about those  
7 specifics, ask for your feedback about those specifics.

8 CHAIRPERSON JOHNSON: What I'd like to do now is  
9 provide you a statement from Western Growers.  
10 Unfortunately, there was a conflict in their schedule and  
11 could not make it here today, but they did ask me to read a  
12 statement to everyone.

13 Thank you for giving Western Growers this  
14 opportunity to present a statement to the California State  
15 Board of Food and Ag. regarding the California Performance  
16 Review and its impact on California agriculture and CDFA.

17 First, Western Growers reiterates its wholehearted  
18 support for the Governor's CPR effort to make government  
19 more efficient and less expensive.

20 Western Growers also strongly believes that CPR  
21 can make significant CDFA changes that will make CDFA more  
22 efficient and responsive to all its current and potential  
23 stakeholders.

24 Second, Western Growers encourages the State  
25 Board, following today's presentation, to strongly

1 recommend, to the Governor, specific CPR changes to CDFA's  
2 structure and operation, consistent with the goal of giving  
3 CDFA policy input on all California farm policy discussions  
4 and decisions.

5 Third, Western Growers has attached, and wishes to  
6 incorporate in the statement, the testimony provided to CPR  
7 Commission by John Powell, Jr., Western Growers Senior Vice  
8 Chairman, and President and CEO of Peter Rabbit Farms. We  
9 believe the statement, developed as a consensus document, by  
10 California Farms Organization, is the framework upon which  
11 specific CDFA, CFR recommendations can be made.

12 In addition to the general framework contained in  
13 the Powell statement, Western Growers wishes to offer the  
14 following specific recommendations. CDFA should be granted  
15 general and regulatory authority over all activities from  
16 farm to fork, including all California food safety and  
17 nutrition activities.

18 CDFA's current inspection services activities  
19 should remain within CDFA. CPR is silent on inspection  
20 services and its absence may be an inadvertent CPR omission.

21 CDFA should be granted authority over California  
22 international agricultural trade activities. This authority  
23 was provided to CDFA in the early, mid-1990s, and should be  
24 restored. California agriculture must regain its ability to  
25 trade in the global marketplace. We believe that CDFA has



1 not only the expertise, but the duty to assist California  
2 agriculture in this endeavor.

3 Western Growers is still evaluating the various  
4 CPR proposals on water quality, water rights, and water  
5 operation activities. Western Growers has not yet reached a  
6 conclusion on whether water rights and water quality should  
7 be separated, as proposed by CPR, or continued to be joined,  
8 as they are now, under the State Water Resources Control  
9 Board.

10 Western Growers has not reached a conclusion on  
11 whether or not to eliminate the State and Regional Water  
12 Quality Control Boards. Western Growers sees two sides to  
13 this issue, but is currently leaning towards retaining a  
14 State Water Resources Control Board, but eliminating  
15 Regional Boards.

16 To resolve this issue, Western Growers strongly  
17 encourages the State Board of Food and Agriculture to  
18 carefully examine it and make specific CPR recommendations  
19 that best meets the competing needs of environmental  
20 stewardship and farming, in general.

21 At a minimum, CDFA must retain the ability to have  
22 a representative participate in all water supply, water  
23 quality and water operations policies that directly impact  
24 California farmers.

25 Western Growers is also still evaluating the

1 recommended CPR changes to the California Environmental  
2 Protection Agency and to the California Department of  
3 Pesticide Regulation. However, at a minimum, Western  
4 Growers recommends that CDFA retain the consultation role  
5 that California statute already provides it when a pesticide  
6 action is taken by DPR.

7 Western Growers will provide CDFA, and the State  
8 Board of Food and Agriculture, additional comments as  
9 Western Growers completes its review of the CPR report.  
10 However, as a bottom line, we reiterate that Western Growers  
11 strongly believes that CDFA should have a seat at every  
12 policy table in every department and, ultimately, at every  
13 policy decision that would affect California farming.

14 Without this direct CDFA involvement, California  
15 farmers may lose the one voice in State government that we  
16 rely upon and trust.

17 So what I'd like to do, now, is start with our  
18 first speaker, and that is Wayne Bidlack.

19 MR. BIDLACK: I didn't really come prepared to say  
20 anything, other than a strong support for the integration of  
21 California agriculture and the food industries, which I  
22 think we've --

23 CHAIRPERSON JOHNSON: Wayne, for the transcriber,  
24 could you come to the seat?

25 MR. BIDLACK: As I started to say, I didn't come

1 prepared to present anything in a formal manner, except to  
2 compliment the Secretary for trying to integrate both food  
3 and agriculture. It's in our title, but in the past we have  
4 not done so, and I believe the population is confused by the  
5 fact that agriculture is separated from their food supply.  
6 Hopefully, if we can educate them, they would vote more in  
7 our favor and see that the future of their food supply  
8 depends on it.

9           Second, I think the recommendation that was just  
10 made, a few minutes ago, about integrating food safety into  
11 the CDFA is an ideal place to begin, and it goes all the  
12 way, not just from the farm to the port, but from the farm  
13 to the plate. And I think if we do that, we'd have better  
14 control over, then, some of the risk factors that we have  
15 both naturally and probably from the outside.

16           That's a brief statement and I may be back.

17           CHAIRPERSON JOHNSON: Okay.

18           MR. BIDLACK: Thank you.

19           CHAIRPERSON JOHNSON: Thank you, Wayne.

20           Any comments from the Board?

21           Okay, Kerry Tucker.

22           MR. TUCKER: Hello, there, folks. My name's Terry  
23 Tucker, I am the CEO of the public relations firm  
24 headquartered in San Diego, called Nuffer, Smith, Tucker,  
25 Inc. I come representing Nuffer, Smith, Tucker, Inc. and

1 our clientele.

2 I am a former member of this august body, for many  
3 years under the leadership of John Katz.

4 I'm not going to talk about the environmental  
5 stewardship part of this, because I think there's going to  
6 be enough energy on that today.

7 But what I thought I'd talk about very briefly is  
8 the opportunity to build on the recommendation of chapter  
9 12, of CPR, that CDFA be the acknowledged champion of food  
10 safety issues. To me, as a public relations guy for 30 some  
11 odd years, it's an opportunity to expand CDFA's public  
12 position from one of promoting agriculture to one of  
13 protecting consumers.

14 And protecting consumers is the strongest position  
15 CDFA could take to support agriculture. And when you're  
16 protecting consumers, you're representing consumers,  
17 resources are more likely to flow your way than if you're  
18 simply "protecting agriculture."

19 I think California agriculture, we've followed  
20 agriculture for many, many years, many decades, and  
21 California agriculture, today, is setting the standards for  
22 the global food system, from freshness and quality, to  
23 safety and security, to the environmental stewardship we  
24 talked about.

25 It's time to use it, I believe, as a point of

1 difference, not only in the consumer marketplace, but in the  
2 political marketplace. CPR is an opportunity for CDFA, AG's  
3 net growth strategy is an opportunity for CDFA and, from my  
4 perspective as an observer and a long-time friend, it's time  
5 to get aggressive and it's time to get focused.

6 Thank you.

7 CHAIRPERSON JOHNSON: Comments from the Board?

8 BOARD MEMBER ROSS: It may be unfair because all  
9 of us have so much more reading to do. Or speaking for  
10 myself, I have so much more reading to do.

11 Do you have any specific ways of making that  
12 transition happen, because I do believe that collaboration  
13 on past food safety issues, having DHS involved in some way  
14 has, in fact, been very helpful to the credibility on the  
15 issues. Do you see the department being granted full  
16 authority, but still retaining a consultative role for DHS,  
17 as opposed to DHS having this split authority and CDFA  
18 having consultation.

19 MR. TUCKER: Well, it's one thing to be a  
20 champion, it's another thing to be an expert, and I think  
21 you call in your expertise as you need them, because you  
22 need the credibility of physicians and toxicologists, and if  
23 you don't have them internally -- maybe even if you do, you  
24 go to the Department of Health, when you need them to help  
25 you. Thank you.

1 CHAIRPERSON JOHNSON: Thank you, Kerry.

2 John Dean, please.

3 MR. DEAN: My name's John Dean, I'm here  
4 representing the beet sugar growers of California, and  
5 processors.

6 Just a little history, there are two beet sugar  
7 factories remaining in California. In the last decade we  
8 have closed ten facilities. We've grown from growing  
9 acreage of 240,000 acres of sugar beets down to less than  
10 40,000. There's some significant challenges facing the  
11 sugar beet industry, energy, water, air compliance, and  
12 medical and workman comp.

13 Energy costs have risen, in two years, a hundred  
14 percent for the beet sugar industry. That's probably the  
15 largest challenge that we have in staying viable in this  
16 State.

17 In the area of water, we see it as a significant  
18 challenge. Sugar beets are a large consumer of water for  
19 irrigation. We are involved in a limited partnership on a  
20 water banking project, and it's privately funded.

21 Looking at the costs of Prop. 13 and money going  
22 forward to using government funds to fund this project were  
23 too extensive. The project went forward with private funds.  
24 Water projects, such as this, need to have the help of the  
25 government to stand back, work with the individuals going

1 forward with these banking projects and making them  
2 successful.

3 The Air Quality Board, in many states they have  
4 taken the attack that they are not a regulator, they are not  
5 a cop, that they will work with industry to go forward with  
6 processing and working with industry to make it viable and  
7 make the problem work.

8 Industry produces less than 20 percent of  
9 pollution in the Valley, yet they're the most heavily  
10 regulated. Ag. industry, now, is under this attack. It is  
11 not the solution to the problem.

12 A few months ago I attended a seminar put on by  
13 the Air District, and in this meeting they said they could  
14 shut all industry, all food processors down in the Central  
15 Valley and still not meet the air quality standards as set  
16 forward.

17 I think it would behoove the Commission to look at  
18 the problem. And by consolidating the air boards, that we  
19 will have the same message going forward and can work with  
20 this problem at a much higher level, and based on science  
21 instead of local issues.

22 One of the stated missions of the CPR was to make  
23 government more reflective and more responsive to the  
24 stakeholders in the State of California. If this is the  
25 true goal of the CPR, it will be a wonderful, refreshing

1 statement for this country and this State.

2 Business has also been a priority of the mission  
3 statement by CPR. Business is hurting, a lot of businesses  
4 are getting ready to leave California. Not just food and  
5 agriculture shutting down, but other industries that provide  
6 the jobs, and that this State needs.

7 Thank you very much.

8 CHAIRPERSON JOHNSON: Thank you.

9 Bob?

10 BOARD MEMBER FEENSTRA: John, you said you've lost  
11 many processing plants. How many jobs were lost in that  
12 process and were they closed mainly, as you said earlier,  
13 because of unfriendly regulation or over-regulation?

14 MR. DEAN: I would say that competition from, or  
15 the main competition would be from corn sweetener industry  
16 was a driving force, but we have seen more beet facilities  
17 closed in the State of California, than we haven't seen in  
18 the rest of the country. And I would say the stringent  
19 regulations, the air quality, mainly, and the other one be  
20 we do have a higher standard of living in California, so  
21 wages are higher, in general.

22 BOARD MEMBER FEENSTRA: Job loss?

23 MR. DEAN: Job loss, I would say a total of 2,500,  
24 3,000 employees.

25 BOARD MEMBER FEENSTRA: Thank you.



1 CHAIRPERSON JOHNSON: Okay. Drue.

2 BOARD MEMBER BROWN: John, could you be more  
3 specific in terms of how government could be helpful,  
4 there's a waste of water? I don't understand it, you were  
5 talking about technical, administrative --

6 SECRETARY KAWAMURA: Drue, use your microphone.

7 BOARD MEMBER BROWN: John, again, I wanted you to  
8 provide some examples on how government could be helpful as  
9 it relates to your water --

10 SECRETARY KAWAMURA: Can you speak up, please, I  
11 guess that's not a mike, it's for the transcriber.

12 CHAIRPERSON JOHNSON: For the transcriber.

13 SECRETARY KAWAMURA: So speak into that mike, but  
14 speak up, loudly.

15 BOARD MEMBER BROWN: John, one more time. I'd  
16 like for you to provide us with some examples on how  
17 government can be helpful as it relates to water. I don't  
18 know if you were referring to technical, administrative,  
19 financing, what would you say they could be more helpful at,  
20 could you be more specific?

21 MR. DEAN: Well, I'll give an example that was  
22 given earlier today, at a different meeting. It was that in  
23 establishing this water bank, and looking at Prop. 13 money  
24 to establish this water bank, due to the environmental  
25 impact report, if it would have been done under this money,

1 it would have cost \$290,000.

2 By going to, by using private funds for doing this  
3 environmental impact report, it was \$2,800 to get the impact  
4 report done. We need to let government step back, change  
5 some of the regulations for union hiring, of letting  
6 industry and private individuals, the stakeholders in the  
7 State of California to step forward and show everyone what  
8 they can do with government support, instead of hindrance.

9 SECRETARY KAWAMURA: John, in the Bee today,  
10 either today or yesterday, there was a pretty good sized  
11 article about the Brazilian sugar industry, and especially  
12 how it's plugged into the energy solutions in that country.  
13 Are you planning to present or be part of a presentation to  
14 the CPR process about the potential impact of the sugar  
15 industry, whether it's beets or whatever, other sorts of  
16 fructose, to an energy solution; are you planning to do  
17 something like that?

18 MR. DEAN: Yes, we do. In fact, at our second  
19 facility, which is located in the Imperial Valley, is  
20 looking at -- Bioresource is the name of the company right  
21 now, that's looking at the possibility of processing sugar  
22 cane, and using the bagasse from the sugar cane as a fuel  
23 for their boilers and their systems.

24 SECRETARY KAWAMURA: Will you be making, I guess,  
25 testimony or suggestions to access to the infrastructure of

1 the grid, or the power structure?

2 MR. DEAN: Either myself or an associate will be,  
3 yes.

4 SECRETARY KAWAMURA: Okay.

5 CHAIRPERSON JOHNSON: Any other questions or  
6 comments? Thank you.

7 The next speaker is Dean Nelson.

8 MR. DEAN NELSON: Thank you. My name is Dean  
9 Nelson. I'm the General Manager of Harris Almonds in  
10 Coalinga, California. We're a processor, we process 45  
11 million pounds in the almond industry. The almond industry,  
12 currently, will produce 1.1 million pounds this year.

13 By way of comparison, our yield's per acre is  
14 1,800 pounds average per acre, and then our competing, the  
15 next largest competitor is Spain, they have about a million  
16 pounds, and this year they're going to produce 35 million  
17 pounds. They have a terrible crop. By typically, they  
18 produce 130 pounds an acre. This year they'll probably only  
19 get 35.

20 So we've enjoyed a tremendous advantage because of  
21 the resources that California has, that God's blessed us  
22 with, and so we've enjoyed that.

23 Just quickly, some of the things that the almond  
24 industry has seen, as the fiscal crises has come to pass, is  
25 a cutback in our funding of research in some of the

1 universities and such. We've relied upon that over the  
2 course of time, yields have come up from the low 900's,  
3 1,000 pounds per acre, up to the 1,800 pounds per acre.

4 That productivity, that efficiency has been  
5 because of the ingenuity of the farmers, themselves, but  
6 also because of the work with universities. We'd like to  
7 see that not be cut back, as we have in the last few years.

8 As we go through this process that we invest in  
9 technology and in agriculture as part of this CPR process  
10 and to keep our competitive advantages.

11 Also, many things have been said about the  
12 environmental, and will be said. I can tell you, privately,  
13 that as we began the permitting process, as we expanded our  
14 facility, that there have seemed to be less than factual  
15 decisions made, decisions made on what was felt, rather than  
16 maybe exact science. We'd like to see in this process that  
17 the permitting process is based on science, on fact, we take  
18 it a step at a time and that the CDFA have a voice in asking  
19 for that to happen.

20 We clearly want to be good stewards, we want to do  
21 everything in our power to protect the environment that's  
22 given us this advantage, but we would like it to be based on  
23 science and on fact.

24 We applaud and support all the comments that have  
25 been made about opportunity to be heard, and I think we need

1 to do our part to be heard, and this forum allows us to do  
2 that.

3 And last, but not least, in the food safety arena,  
4 the almond industry, recently, you may have heard, has had  
5 an incident. Although they're very rare in the almond  
6 industry, we are being very aggressive about that. We've  
7 had a good relationship with the various regulators and  
8 departments, and we've appreciated that they have stepped  
9 back and allowed us to manage that.

10 I think, because we have been proactive, they've  
11 allowed us to do that. And I think that that's a great  
12 relationship where we work together, where the CDHS, or  
13 other departments, step back, they allow us be aggressive.  
14 They guide us, we work with them, but that they allow us to  
15 do the right thing. And I think it's efficient that way and  
16 allows us to come up with the right answers, not an answer  
17 that might be made out of emotion, or some other means.

18 And those are my comments.

19 CHAIRPERSON JOHNSON: Great. Any comments from  
20 the Board?

21 SECRETARY KAWAMURA: You mentioned that for this  
22 department you would -- I believe you'd mentioned that an  
23 enhanced role or a wider role in the regulatory process.  
24 Can you expand on that, in taking a role?

25 MR. DEAN NELSON: Well, I'm not sure what you're

1 meaning there.

2 SECRETARY KAWAMURA: You mentioned that you  
3 would -- yeah, for permitting.

4 MR. DEAN NELSON: Oh, in the permitting process?

5 SECRETARY KAWAMURA: Those type of things.

6 MR. DEAN NELSON: Yeah, if the CDFA could be  
7 involved in guiding the agencies, however they end up being  
8 consolidated, or what not, into factual based, I guess is  
9 the thing, I'd like to have that voice strong.

10 You know, in our desire, and we hear the reports  
11 of the air quality, or whatever the case might be, water  
12 quality, and we want to do the right thing, and all the  
13 population of the State wants to do the right thing, but  
14 sometimes it feels -- and when you go, and you're a company,  
15 going through the permitting process, and they'll set a  
16 benchmark or something that's not based on fact. They'll  
17 set a permit benchmark, or things like that, that are  
18 speculative in some ways.

19 I don't want to make that sound worse than it is,  
20 but it's not a real science-based approach. At least it's  
21 felt from our perspective.

22 CHAIRPERSON JOHNSON: I'm going to go to Bob and  
23 then Charlie.

24 BOARD MEMBER FEENSTRA: I want to compliment you  
25 on your remarks about the University. I think they can do

1 more to help the agricultural industry, not only from  
2 science, but for food safety; would you agree?

3 MR. DEAN NELSON: Yes.

4 BOARD MEMBER FEENSTRA: They can play a bigger  
5 role?

6 MR. DEAN NELSON: Yes, UC Davis has been a very  
7 important part, and all the other universities can be as  
8 well but, particularly, they've assisted our industry.

9 CHAIRPERSON JOHNSON: Okay, Charlie.

10 BOARD MEMBER CRABB: Following up on that  
11 question, do you see CDFA playing a bigger role in directing  
12 funds towards the universities or is it the State of  
13 California? Where would you like to see that managed or  
14 emphasized?

15 MR. DEAN NELSON: I don't know that I have an  
16 opinion either way, whatever is the most efficient use of  
17 that resource.

18 CHAIRPERSON JOHNSON: Niaz.

19 BOARD MEMBER MOHAMED: Do you think the industry  
20 would be willing to participate in the funding of the  
21 research, to a certain extent?

22 MR. DEAN NELSON: Oh, the industry is clearly, and  
23 in many ways, self-funded. There's a two and a half cent  
24 assessment, and a lot of that's used for promotion, for  
25 nutrition research and such. But for environmental, and for

1 variety development, for insect research, those types of  
2 things, we make a huge contribution there.

3 I didn't mention, I am a member of the Almond  
4 Board of California, one of the ten elected members, and the  
5 Almond Board's very proactive that way, in investing in  
6 their industry.

7 SECRETARY KAWAMURA: Do you believe that the  
8 Almond Board will be coming forth with a suggestion, or a  
9 proposal, or an endorsement of some of the issues at the  
10 educational side of the process?

11 MR. DEAN NELSON: I believe so. It's a little  
12 ticklish, we're a federal marketing order, so it's difficult  
13 for them to -- they always dance around what they can say  
14 and can't say in the lobbying and communication. I think  
15 they want to come forward with information and facts, and  
16 then that's --

17 BOARD MEMBER ROSS: That was one of my questions.  
18 This would not affect a federal marketing order, so the  
19 issue in CPR that is proposing the option for pursuing  
20 public corporation would not affect the Almond Board?

21 CHIEF COUNSEL DYER: Not directly affect them,  
22 though it is conceivable that a federal order could move  
23 into --

24 BOARD MEMBER ROSS: Could choose to go this way.

25 SECRETARY KAWAMURA: John, could you give us a



1 little better clarification of what can an association or  
2 commodity board say or do as it affects CPR?

3 CHIEF COUNSEL DYER: The federal orders have a  
4 much more difficult standard than the State. The State  
5 orders, essentially, you can represent information, point of  
6 view to your legislators.

7 In the federal order, they take a much more narrow  
8 view of what is very similar language, and require the  
9 federal orders to confine their comments to USDA, basically,  
10 which makes it difficult for them to weigh in on other sorts  
11 of issues.

12 But on the other side of it, individuals are, of  
13 course, free to express their opinions.

14 SECRETARY KAWAMURA: So all membership could  
15 conceivably be involved, obviously, in the process?

16 CHIEF COUNSEL DYER: Yes, as individuals. There's  
17 no reason why they can't talk about it as a Board, and as  
18 individuals express their opinions.

19 BOARD MEMBER FEENSTRA: A.G., isn't the  
20 Administration really saying to industry, say what you  
21 think, provide your input, put it on paper, let him look at  
22 it, he's not conventional. So bring it out, and you'd be  
23 surprised what you get back.

24 MR. DEAN NELSON: Excellent, thank you. Thank  
25 you.

1           CHAIRPERSON JOHNSON: The next speaker is Dan  
2 Nelson.

3           MR. DAN NELSON: Mr. Secretary and Board Members,  
4 thank you for this opportunity. My name is Dan Nelson, I'm  
5 the Executive Director of the San Luis and Delta-Mandota  
6 Water Authority. Just a brief background, the Water  
7 Authority is a joint powers authority that's comprised of 32  
8 member water agencies. And generally, these are all the  
9 water agencies that have contracts with the federal  
10 government Central Valley Project, and take their water  
11 through the Tracy pumping plant, south of the Delta.

12           I want to say that we're on the front end of our  
13 review of the CPR, and so my comments are going to be  
14 general in nature. And I'd also like to observe up front, I  
15 took to heart and was encouraged by the Secretary's opening  
16 that part of what we're doing here is creating a vision for  
17 what California agriculture is going to look like in the  
18 next 30, 40, and 50 years. It's been our experience, and  
19 frustration, that a lot of water policy and regulatory  
20 issues that have been developed over the last 10, 15 years  
21 have been absent in a long-term vision, or without any  
22 comprehensive vision of what we want California agriculture  
23 to look like. And so I was very encouraged, and hadn't  
24 really thought, frankly, of the CPR in that context, and so  
25 we will take to heart your challenge, Mr. Secretary.

1           A couple of specific issues I would like to  
2   comment on. We're very intrigued by the notion of  
3   separating the responsibilities of the Department of Water  
4   Resources. There's been a lot of discussion over the last  
5   20, 30 years about the different hats that the Department of  
6   Water Resources currently wears. One, sort of representing  
7   the overview of the Water Resources, in general, and then  
8   the second of having to operate a fairly major project, the  
9   State Water Project. And a lot of times those two don't  
10   necessarily compliment each other. And so we certainly are  
11   enamored with looking into the separation of those  
12   responsibilities.

13           In addition, I would also like to say that on the  
14   operations and maintenance portion of the State Water  
15   Project, we're also very enamored with the contracting, with  
16   State Water Project contractors, a portion of the operations  
17   and maintenance of those facilities.

18           We do have a template that has been utilized on  
19   the federal contractor side for the last 10, 15 years, very  
20   successful. Where the federal government still owns the  
21   Central Valley Project, but they do contract with their  
22   member agencies to do portions and regional work on the  
23   operations and maintenance division.

24           Our organization, as an example, has been  
25   operating the Tracy Pumping Plant, the Delta-Mandota Canal,

1 and all of the related facilities south of the Delta for  
2 over the last ten years. And there's a lot of potential for  
3 cost savings in doing that.

4 The second thing I'd like to comment is the  
5 changes proposed for both the State and the Regional Boards.  
6 We certainly are in support of looking at the concept of  
7 eliminating the Regional Boards.

8 We share Western Grower's concern about -- or  
9 apprehension, I should say, about following through with  
10 that same elimination with the State Board, and we are  
11 somewhat apprehensive about separating the water rights and  
12 the water quality responsibilities, separating those. We  
13 think they necessarily go hand in hand.

14 On CalFED, it certainly is time for us to take a  
15 couple of steps back and take a look at a very comprehensive  
16 view at CalFED and how it is that we want to proceed with  
17 CalFED. There are a lot of opportunities for CalFED, and we  
18 need to make sure that in these infancy stages of CalFED  
19 that we've put it on the right path.

20 And I do think it's appropriate for CPR to take  
21 that on and we do certainly support CalFED, in at least the  
22 comprehensive approach. We also think that the timing's  
23 very good to reevaluate the path that we're on and how we  
24 may want to move forward.

25 On bond funding, it certainly makes a tremendous

1 amount of sense to us, who are on the ground, or are working  
2 through the administration of some of these bonds, to have  
3 those centralized. And the administration of these bonds  
4 and the allocation of the bond funding centralized, that  
5 makes a tremendous amount of practical sense to us and we'd  
6 like to see that concept move forward.

7 In summary, we are very, very pleased with the  
8 framework of the CPR and certainly are encouraged by these  
9 discussions, and we look forward in working with you all in  
10 making sure it's done correctly.

11 CHAIRPERSON JOHNSON: Thank you.

12 Any comments by the Board? Bob.

13 BOARD MEMBER FEENSTRA: Dan, I serve on the Chino  
14 Basin Water Master, and I'm just asking a question, from  
15 your opinion. Are the California regulators on water in  
16 conflict, in any way, with the feds? I mean, are we sort of  
17 moving step by step, or is California regulating over and  
18 above from the federal level?

19 MR. DAN NELSON: Well, representing CVP contracts,  
20 and dealing with the Endangered Species Act, and CVPIA, I  
21 don't view California as maybe going a step further than the  
22 federal government. They're doing a pretty good job of  
23 regulating themselves.

24 So I do see some duplications, certainly. And  
25 again, part of what we are hoping to accomplish in CalFED

1 is, if nothing else, the close coordination of all those  
2 agencies that are dealing with water resources in the State,  
3 both federal and State. And there are several agencies,  
4 both federal and State, that all are dealing with very  
5 similar water resource issues. And so, at a minimum, they  
6 need to be coordinated. I would think that would be  
7 something that we would want to do under the CalFED  
8 umbrella.

9 BOARD MEMBER FEENSTRA: Thank you.

10 CHAIRPERSON JOHNSON: Okay, Karen.

11 BOARD MEMBER ROSS: I hope this isn't an unfair  
12 question, but I agree with you and with Western Growers, I'm  
13 very intrigued with keeping the State Water Board, not the  
14 Regional Boards. But it is a significantly different way of  
15 going. Do you have some criteria that your organization  
16 will be using in making that final determination of which  
17 way you're going to favor, whether it's retaining Regional  
18 and State Board, only the State Board and, probably more  
19 importantly, the criteria you'll be using on should we  
20 separate water rights from water quality?

21 MR. DAN NELSON: Yeah, the answer would be no, we  
22 have not yet developed that criteria. However, we certainly  
23 understand and are sympathetic to taking a very serious view  
24 of how the Regional Boards and the State Boards are  
25 structured, and we think that the framework that's laid out

1 is a good start. But no, as far as having the criteria.

2 I will say, this is a very serious issue and needs  
3 to be given a lot of attention. And, well, I'll leave it at  
4 that.

5 SECRETARY KAWAMURA: Do you think we might  
6 anticipate the different water agencies that are out there,  
7 are they currently working together, in unison, to come  
8 forward, if it's possible, at least regional, if not  
9 statewide, concepts for a CPR --

10 MR. DAN NELSON: Yes, yes. This has recently  
11 surfaced on the screens of all the different water agencies  
12 and we are starting to meet to consolidate our thoughts.

13 SECRETARY KAWAMURA: Is there an adequate amount  
14 of time to be able to prepare?

15 MR. DAN NELSON: I think there is. I think there  
16 is. And certainly, the process is very thorough and  
17 methodic, and so I don't have any suggestions on process  
18 changes.

19 CHAIRPERSON JOHNSON: Charlie?

20 BOARD MEMBER HOPPIN: Karen, or John Dyer,  
21 actually, to the speaker's interest in CalFED, I'd hate to  
22 admit to you that I haven't thoroughly digested the entire  
23 2,500 pages of CPR, but in your analogy you mentioned that  
24 there would be an audit of CalFED activities. Does the CPR  
25 document go past that audit and deal with other issues, the

1 speaker has so well articulated, addressing CalFED?

2 CHIEF COUNSEL DYER: It calls, in addition, for a  
3 comprehensive plan. It doesn't say what the comprehensive  
4 plan would look like, but it does call for that.

5 BOARD MEMBER HOPPIN: You think that will fall out  
6 of the analogy of this audit?

7 CHIEF COUNSEL DYER: I think that's the intention.

8 BOARD MEMBER CRABB: Does it speak to who should  
9 be involved in that comprehensive plan development?

10 CHIEF COUNSEL DYER: No. That goes back -- it  
11 does, in the sense that there are conflicting proposals.  
12 One would have CalFED become part of the Infrastructure  
13 Department and the other would have it remain with  
14 Resources. And how that turns out may influence how this  
15 comprehensive plan would develop.

16 MR. DAN NELSON: Thanks, again, for this  
17 opportunity.

18 CHAIRPERSON JOHNSON: Thank you.

19 Our next speaker is Don Gordon.

20 MR. GORDON: Good morning. I'm Don Gordon, the  
21 President of the Agricultural Council of California. I  
22 think I know most you around this table, but for those of  
23 you who don't know me, for the Ag. Council, I should say, we  
24 represent Ag. Cooperatives. And so when we look at issues  
25 and problems, we can wear the hat of a processor or, in most



1 instances, the hat of the farmers who are the owner/members  
2 of those co-ops.

3           The Ag. Council does not yet have an official  
4 position on the CPR process. We're working, along with many  
5 of my colleagues, and sister organizations, many of whom are  
6 in this room, on rolling up our sleeves and going through  
7 this puppy chapter by chapter, to try to look at all the  
8 areas that affect agriculture and come up with consensus  
9 recommendations from an industry perspective. And that is a  
10 major undertaking, as you can all appreciate.

11           I do want to say that we are very appreciative of  
12 A.G. and his team, and the help and information they've  
13 given us. There's so much to cover in this, and the more  
14 information we can get and try to hash through these things  
15 together, the better off we are, because this is going to be  
16 a very long, difficult process.

17           In the limited time I have, the comments I'm going  
18 to make are strictly personal since, as an organization, we  
19 don't have a position. But I have worked around this town  
20 for 30 years, and I've been through a lot of ups and downs  
21 with various administrations, and on various issues, and  
22 with CDFA.

23           For the purposes of the three minutes, I'm going  
24 to just confine my comments to CDFA. It's my opinion that  
25 we're going through this process, we're tearing apart

1 government, and when it gets put back together again I would  
2 like to see CDFA come out of it a lot stronger organization,  
3 because I think most of you can appreciate in recent years  
4 you've been a shrinking department, not a growing  
5 department, and that doesn't serve the long-term best  
6 interest of agriculture.

7           So I'm looking, as we go through this, for ways to  
8 make this Department stronger. And when I look at CDFA, I  
9 want to make sure the things that you do best, you can  
10 continue to do best. And from my perspective, it's your  
11 responsibility to promote and protect agriculture, it's your  
12 ability to manage commodity programs, it's your fundamental  
13 responsibility to protect this State from plant pest and  
14 animal health disease problems. And then your role in food  
15 safety is also extremely important.

16           I know you have fairs, and other responsibilities,  
17 but from my perspective these are the areas that I work on  
18 from an issue stand point.

19           So within the context of the items that are on the  
20 table, as they relate to these four areas, I'll just  
21 quickly, at least, again, a personal perception, give you my  
22 thoughts.

23           On the marketing order proposal, to shift  
24 marketing orders and commissions, or at least give them the  
25 option to become a -- I call them special districts, John,

1 but it's the ability to go from one thing to another.

2 I understand what's driving this, I understand the  
3 legal problems. There are others in this room that could  
4 speak to it better than I can. All I'm going to say is I  
5 just want to make sure, if this option's available, and  
6 we're going to have to maybe fight for it, legislatively,  
7 because it's not going to be noncontroversial, I just want  
8 to make sure that when the dust settles what we have done is  
9 the right thing to do.

10 So right now, as I look at that option, it makes  
11 sense, but I really have a question mark as to whether or  
12 not it is something that is feasible.

13 Moving DHS Food Safety programs over to the  
14 Department of Food and Ag. You know, in terms of A.G.'s  
15 philosophy of from farm to fork, it makes a lot of sense.  
16 It also makes sense from the stand point that it does build  
17 this department. It brings more responsibility, more  
18 personnel and, more importantly, more funding under the  
19 Department of Food and Ag. So I look at that as a real  
20 plus.

21 I checked with some of my members, who are  
22 processors, and marketers of food products. It's a rather  
23 innovative idea, they don't really have strong feelings, at  
24 this point, one way or another. You know, on the plus side,  
25 along with what I just stated, by moving that responsibility

1 over to the Department of Food and Ag., when you do have a  
2 food safety problem out there, at least you'll be dealing  
3 with people who understand your operation, and that could be  
4 a real benefit when you get into a very controversial food  
5 safety issue.

6 I think there is a legitimate question mark, from  
7 a policy stand point, you know, if you have, again, a food  
8 safety problem out there and you're trying to get the  
9 public's confidence back into the food supply, who is a  
10 better spokesperson to give that assurance? Is it the  
11 Secretary of Food and Ag. or is it a public health official?  
12 So if that change is made, I think that is an area that you  
13 need to work out so the public is getting a consistent  
14 message, not only from the person in charge of Food and Ag.,  
15 but maybe somebody who has public health responsibility, as  
16 well.

17 Shifting the Weights and Measures Program out of  
18 CDFA. The only comment I have on that and, again, there are  
19 probably others who can speak better to it than I, I believe  
20 there is an extremely important interrelationship between  
21 the Department of Food and Ag. and the Ag. Commissioners.  
22 And it was bad enough when we shifted pesticides out of Food  
23 and Ag., and over to the Department of Pesticide Regulation,  
24 because instead of the Ag. Commissioners having two bosses,  
25 they all of the sudden got three bosses. You had CDFA, you

1 had DPR, then you had the County Boards of Supervisors.

2 Now, you're going to bring in a fourth boss,  
3 Consumer Affairs, or whatever the new agency is going to be.  
4 I'm not so sure that helps the situation, so I'm just  
5 looking at it from that broader perspective, as opposed to  
6 nuts and bolts.

7 Western Growers made mention of it, and I think a  
8 couple of others, this consultative role for CDFA, I think  
9 is absolutely critical. If one of the objectives of this  
10 process is to consolidate government, and you do away with  
11 the Regional Water Boards, and you bring them into  
12 Sacramento, the same with the Air Boards, that puts a lot of  
13 power into the agency heads that have that authority. And  
14 it's going to be very critical for us to have a very  
15 aggressive Department of Food and Ag., as we said earlier,  
16 to be at the table, to be involved in those policy  
17 discussions.

18 That takes money. And the only place that I know  
19 where we can get it, without going to the General Fund, is  
20 through that three-quarters of a mil. that exists through  
21 the consultative process, which is through a memorandum of  
22 understanding. It is an administrative agreement, it's not  
23 a legislative statute.

24 So it would seem to me that, as this thing comes  
25 together, that perhaps that MOU could be broadened so that

1 the nexus is not just between CDFA and DPR, but it's with  
2 other areas of environmental concerns that the Secretary  
3 should be involved in.

4 The last thing, and this is very tiny, but one of  
5 the recommendations is to do away with the Agricultural  
6 Bargaining Advisory Committee, and I checked with -- we  
7 represent four of the major Ag. Bargaining Associations.  
8 They believe that it's absolutely critical that that  
9 committee at least stay operative under the Department of  
10 Food and Ag. Whether it has to be statutory or done as an  
11 ad hoc appointment by the Secretary, you know, we'll go  
12 whatever route is necessary. But when all the dust settles,  
13 we would like to keep that Advisory Committee functioning.  
14 I think its annual budget is less than \$3,000, so it's not a  
15 big item.

16 And with that, that's my points.

17 CHAIRPERSON JOHNSON: John.

18 CHIEF COUNSEL DYER: Would a Joint Powers Agency  
19 work for you?

20 MR. GORDON: I'm sorry?

21 CHIEF COUNSEL DYER: Would a Joint Powers Agency  
22 work for you?

23 MR. GORDON: On?

24 CHIEF COUNSEL DYER: On the Ag. Co-op Bargaining?

25 MR. GORDON: You're only talking about six people.

1 No, I don't think so. It is an Advisory Committee that's  
2 directed in statute, and I think the Speaker appoints  
3 somebody, the Administration appoints somebody, the  
4 President Pro Tem appoints somebody. It would not work.

5 CHIEF COUNSEL DYER: Okay.

6 CHAIRPERSON JOHNSON: Okay, Marvin.

7 BOARD MEMBER MEYERS: Your opinion on the Regional  
8 Boards, such as Water and Air, being consolidated into one  
9 board, do you think that the State Board, the one large  
10 board can do an adequate job of regulating each water area?

11 MR. GORDON: I don't have enough of the technical  
12 expertise to give you a good answer. All I'm suggesting,  
13 and I think that's part of the process that all of us, as  
14 ag. organizations, are trying to sift our way through it.

15 BOARD MEMBER MEYERS: I just want your opinion,  
16 that's all.

17 MR. GORDON: I can't tell you.

18 BOARD MEMBER MEYERS: Okay.

19 MR. GORDON: I'm not trying to duck it, I don't  
20 have one yet. I could argue it both ways, as anybody in  
21 this town can usually do on an issue.

22 But I think, back to the point, if it is going to  
23 be further consolidated, I would strongly argue to increase  
24 CDFA's involvement, be in a table with all these agency  
25 heads, absolutely critical.

1 SECRETARY KAWAMURA: On the subject of Ag.  
2 Commissioners and weights and sealers, would you imagine,  
3 then, that your organization would have a forthcoming  
4 opinion on that move, whether there are deficiencies or not?

5 MR. GORDON: Yes. Yes, I just have not had the  
6 luxury of a Board meeting, yet, to run some of these things  
7 by it. But, as an organization, we are very supportive of  
8 the Ag. Commissioner system. It is so unique to California,  
9 and they are under the same funding pressures that we, at  
10 the State level are under. And as I said, when the dust  
11 settles, I want this system to be stronger, not weaker, and  
12 I factor them into that equation.

13 Thank you very much.

14 CHAIRPERSON JOHNSON: Thank you.

15 Our next speaker is Ben Higgins.

16 MR. HIGGINS: Good morning. Ben Higgins,  
17 representing the California Cattlemen's Association. We,  
18 too, are in the process of developing policy and positions  
19 on many of the specific recommendations contained in the  
20 CPR, so my comments here, today, are going to be general and  
21 they're going to be brief.

22 I think the CPR presents a very unique opportunity  
23 for the agricultural industry and CDFA to address one of the  
24 inherent conflicts that we see now, within the State  
25 government. And that is on one hand we have CDFA seeking to



1 promote and protect California agriculture, while it seems  
2 that other State agencies are doing everything they can, as  
3 fast as they can, to regulate us out of business here, in  
4 the State.

5 And, therefore, along with some other folks, we  
6 have presented, or I should say drafted, at this time, three  
7 recommendations so that we can, ideally at the end of the  
8 day, enhance CDFA's role at promoting and protecting  
9 agriculture in this State.

10 Number one, the structure of CDFA and other  
11 agencies should be modified to allow the agency, to the  
12 extent possible, to serve as a single source of contact and  
13 authority for all issues pertaining to agriculture.

14 Two, this has been discussed before but, clearly,  
15 I think it is imperative that agricultural producers and/or  
16 CDFA play a more significant role in the decisions that are  
17 made affecting agricultural properties and/or resources.

18 It's becoming increasingly clear that many of the  
19 policy decisions, that most significantly affect our  
20 producers, are made by agencies other than CDFA.

21 Again, we're in the process of developing  
22 specifics, I can think of a few off the top of my head,  
23 relative to that proposal.

24 And three, I think a failing of the CDFR is that  
25 it seems to regard California's farms and ranches only as

1 wild life habitat, under the heading of Resource  
2 Conservation and Environmental Protection, and it really  
3 fails to recognize a lot of the significant contributions  
4 that agriculture makes to both the economic vitality and the  
5 environmental health of our State.

6 And so, for that very reason, we would, as an  
7 agricultural industry, hope to play a greater role in the  
8 CPR process in the ultimate outcome, at the same time we  
9 hope to work with CDFA and would encourage the Department to  
10 play as significant a role, as possible, in determining that  
11 ultimate outcome.

12 Thank you.

13 CHAIRPERSON JOHNSON: Questions by the Board?

14 Thank you.

15 Okay, Rich Matteis, please.

16 MR. MATTEIS: Good morning. I'm Rich Matteis, and  
17 I'm the Executive Director of the California Grain and Feed  
18 Association, and the Pacific Egg and Poultry Association,  
19 and some others. My office is a multiple ag. association  
20 management and lobbying office, so I represent 11 different  
21 commodity groups that are just totally dissimilar, from rice  
22 to flowers, to wheat, to dried beans, and others. So it's a  
23 little difficult for me to do all this in three minutes and  
24 represent all the groups adequately.

25 I was thinking, since there's 11 ag. organizations

1 I manage, and one commission and one marketing order, that I  
2 could have 39 minutes. But I don't know, if you actual do  
3 the math the same way I do.

4 CHAIRPERSON JOHNSON: Nice try.

5 MR. MATTEIS: Oh, he says the last 36 are in the  
6 hall. I get it.

7 I think generally, and we've had some discussions  
8 between the various leadership groups we represent in our  
9 office, were supportive of the concept of reevaluating  
10 government and trying to find a better way to do things.  
11 Every organization, that's of any size at all, needs to do  
12 that periodically, and so we certainly want to embrace that  
13 concept and generally express support for what we're doing  
14 here.

15 Obviously, representing so many groups, we work  
16 with just about every agency there is, and almost every  
17 branch of this Department, and we think there's ways that  
18 some things can be done better, so we do embrace that.

19 We do have some concerns and, as you know, 2,500  
20 pages, and 5,000 other pages to implement, about unintended  
21 consequences. Because I'm pretty sure, in the things that I  
22 work on, in the Capitol, that are only a few pages long,  
23 there's unintended consequences. So I think the  
24 Administration and you all need to appreciate, maybe, some  
25 general concern and anxiety some might have about what the

1 consequences are going to be from what is proposed.

2 I'll get into a few specifics. I do think that  
3 our group generally would support having this Agency play a  
4 much bigger role in food safety. I think it's appropriate  
5 that we do that.

6 Some of our experiences with the federal  
7 government, where we have FDA, and USDA involved in the same  
8 food safety issue, we have one right now in the BSC area, it  
9 makes it difficult, I think as an industry, more difficult  
10 for us to address the problem in a comprehensive manner. So  
11 I see that as a real good thing we're doing here.

12 Clearly, a link between what we do in the field,  
13 and in our laying facilities, and poultry production plants,  
14 and on our dairies, a link between that and the outcome, the  
15 food product that comes out and the safety of that. So I  
16 think that's a particularly good idea.

17 I think we do need to make sure that the expertise  
18 comes with that responsibility. We've worked very well with  
19 the DHS over the years, on various food safety issues, and  
20 so we're going to have to make sure that expertise is here,  
21 and to also give it the right look, so it doesn't look like  
22 the fox is watching the hen house. So I do think we need to  
23 structure that in the right way. But we do think that's a  
24 good idea.

25 With regard to regulatory burdens, and that was

1 brought up by an earlier speaker, certainly our hope is that  
2 through implementation of this we'll minimize some of that  
3 for agriculture.

4 I think it was a sad day, about a dozen years ago,  
5 when the Grain and Feed Association decided we couldn't stop  
6 the regulatory morass, so we better hire somebody on staff  
7 to help all our members comply.

8 Now, that's the way it's going to be, and it's  
9 okay with that, but it was a sign of the times and something  
10 that I hope this new reform effort will deal with, and  
11 relieving some of those burdens for our farmers and  
12 ranchers.

13 I was in a group of flower growers, recently, and  
14 they're faced with a new set of planting rules in their  
15 area, and one of the growers said, they want to treat  
16 farmers and ranchers just like other business. And I said,  
17 exactly, and that's the way it's going to be from now on, so  
18 we need to find a way to do that better and make it workable  
19 for the people who are running our farms day to day.

20 With regard to the marketing order and commission  
21 issue, we manage one commission. I'm the president of one  
22 commission, and we also do some managing work for a  
23 marketing order. We are concerned about what that  
24 separation will do for those marketers, from a legal stand  
25 point, maybe a Constitutional stand point.

1           As Don mentioned, there's somebody behind me who's  
2 better prepared to address some of these issues. But I have  
3 to tell you, we'd like to know what those impacts are from a  
4 legal stand point, as we get one more degree of separation  
5 from this Department.

6           Some of the things I had made notes on have  
7 already been mentioned, and so I don't want to be repetitive  
8 there. I do hope that this Department emerges in a  
9 stronger, much higher profile position, I think that's  
10 helpful to us.

11           And in closing, I'd like to say, I thought there  
12 was one missed opportunity with regard to the CPR, and that  
13 is as it relates to Cooperative Extension and the importance  
14 of that entity. It's really not addressed. I think, and I  
15 don't think a lot of people realize, we're really in danger  
16 of losing one of the most valuable resources for  
17 agriculture. It's certainly true in the animal ag. area.  
18 But when you have specialists, who live, eat, and breath in  
19 the industry, and can quote you chapter and verse on what  
20 the price of eggs are, and what it's going to cost to get  
21 rid of spent hens, under an exotic Newcastle situation. You  
22 lose those people, we lose our ability to go head to head  
23 with government and getting what industry needs to do the  
24 job.

25           That's all I have to say. Thank you for having

1 us.

2 CHAIRPERSON JOHNSON: Let's go to Karen and then  
3 Charlie.

4 BOARD MEMBER ROSS: And Rich, I couldn't agree  
5 with you more on cooperative extension, but I'm having a  
6 hard time at looking at what we could do through CPR to  
7 strengthen it or at least make sure we don't lose more than  
8 we already have, because of how it is funded, and it already  
9 is part of state, federal university, local government  
10 cooperative.

11 Do you see an MOU because there's a way of  
12 bringing them in on CDFA functions, food safety, and other  
13 kinds of things, do you think that's a possibility that  
14 there's a formal, consultative role for cooperative  
15 extension with the Department, because of the environmental  
16 issues we're facing? Do you have some thoughts on that?

17 MR. MATTEIS: Yeah, just in general, and I'm a  
18 Jack of all trades, and master of nothing, but I think there  
19 should be more links with that entity, and the university.  
20 You certainly see this in other states, as many of you know.

21 We've even looked at having the university perform  
22 some of the functions that this Department is performing,  
23 but it would be under the authority of this Department. I  
24 think the more of those relationships we can put into place,  
25 more of those kinds of links, the more we can justify to

1 keep that entity fully funded to the level that we need it.  
2 Just a thought.

3 SECRETARY KAWAMURA: It's interesting, you know,  
4 within CPR it addresses, to some extent, the physical  
5 infrastructure of the State. You're talking a little bit  
6 about the mental infrastructure of the State, and there's  
7 actually a component in the CPR that deals with the brain  
8 drain that will happen when everybody retires. Our Baby  
9 Boom Generation, when we retire, and there's an actual  
10 component in there that addresses what's the impact on the  
11 State? Are we able to still hire the best and brightest,  
12 are we going to be able to replace that experiential  
13 knowledge that exists, that suddenly is not going to be  
14 available on a day-to-day basis, let's say.

15 And so those are the kind of important suggestions  
16 that an industry can make. And in an alarming way make, if  
17 they feel that way, that, boy, we may find ourselves short  
18 changed in that mental infrastructure that lets us go  
19 forward.

20 BOARD MEMBER ROSS: I was just thinking, with the  
21 comments that we've already heard on the theme for Science  
22 and Technology, this could be the way of assuring that we  
23 have the scientific infrastructure for the many  
24 responsibilities that we do have here. I mean, it's really  
25 an intriguing thought.



1           SECRETARY KAWAMURA: John, are you familiar with  
2 that one section that talks about succession planning?

3           CHIEF COUNSEL DYER: Yeah.

4           SECRETARY KAWAMURA: Do you want to tell us, just  
5 in the broadest way?

6           CHIEF COUNSEL DYER: Well, in the broadest way,  
7 CPR is trying to get a hold of the question of how we're  
8 going to fill the gap.

9           They figure that 34 percent of the State work  
10 force will turn over in the next five years. I think it's  
11 much higher in CDFA, actually, I think it's closer to 56  
12 percent, if I recall, in CDFA.

13          SECRETARY KAWAMURA: In seven years, I think.

14          CHIEF COUNSEL DYER: It was within seven years.  
15 And the finding a way to replace those folks is a difficult  
16 challenge, not only because it's volumes of numbers, but the  
17 things that would attract people to State service in the  
18 past are changing.

19          And so you have a different kind of candidate  
20 pool, potentially, out there. You've got questions like, I  
21 noticed, for instance, the guy that headed this up, Billy  
22 Hamilton, his income is \$260,000 a year. There isn't anyone  
23 in State service who approaches that. Is income going to be  
24 what brings people in? What other kind of opportunities are  
25 there? How does that relate to civil service?

1           There was a process over the last 30 years, in  
2   State government, where we were trying to create a sliding  
3   upward scale, where people could move from little background  
4   to big positions. So we engineered the jobs so that they  
5   would fit into that type of background.

6           The question is, is that the background we want  
7   for the future? And that's one of the questions that CPR is  
8   asking in its Human Resources Section. The rewards and  
9   punishments for different kinds of people differ, and it  
10   depends on what kind of people we want to replace this.

11          Now, there is a proposal to eliminate 12,000 jobs  
12   over this period of time, but that's like 10,000 a year is  
13   the turnover at the State. That's not going to be that  
14   difficult to do. The bigger question is who are we going to  
15   be left with running the State? What kind of person is it  
16   going to be? What kind of character attributes are they  
17   going to have? In addition to knowledge, I've heard many  
18   people talk about being aggressive, are they going to be  
19   aggressive people? How do you select for aggressive people?

20          These are the kinds of questions CPR is attempting  
21   to get the State to face and ask in the future.

22          MR. MATTEIS: Is that question, because I could  
23   conclude a second time? You know, I refrained from talking  
24   about the institutional knowledge and the science, you know,  
25   the brain drain you talk about, but I think that's the most

1 important thing. You can set up the boxes any way you want,  
2 but if you don't have the right people in them, we're not  
3 going to get the job done.

4 I remember, 25 years ago, getting my MBA, and Bob  
5 Wynn was in the program with me, getting his MPA, and I  
6 think the Department, and other departments, need to do more  
7 to surface and identify good people with management  
8 potential, and train them, and that's true of all agencies.

9 SECRETARY KAWAMURA: One last question. You  
10 represent a lot of different Board and the different  
11 product, commodity lines, did you have a comment on the  
12 Weights and Measures Proposal, to move the Ag.  
13 Commissioners?

14 MR. MATTEIS: I didn't have one. I understand the  
15 logic behind moving it to another agency and, of course,  
16 they have a lot of responsibilities that have nothing to do  
17 with agriculture. Selfishly, I'd love it to stay right  
18 here, it's an agency that I have to deal with on a regular  
19 basis, because we have truck scales, and we have measuring  
20 and weighing devices in the seed industry, and I have a  
21 whole host of issues with that. So I'd like it to be here  
22 because I find it an easier agency to work with than perhaps  
23 some others. So if I had my druthers, I'd like to keep it  
24 here.

25 CHAIRPERSON JOHNSON: Let's see, Reg has a

1 question and then Charlie.

2 BOARD MEMBER GOMES: I have actually more of a  
3 comment. I appreciate Rich's nice comments about what we  
4 try to do in Cooperative Extension, and appreciate the  
5 desirability of as much interaction as possible.

6 I just want to comment that the point on brain  
7 drain, retirement, loss of expertise, filling positions, and  
8 succession are things that we are deeply involved in at the  
9 University, as well. The same problems exist, and they  
10 exist largely in governmental and public agencies right now,  
11 and in a lot of cases a very, very serious issue.

12 BOARD MEMBER HOPPIN: Rich, you know I always like  
13 to talk first, but given the previous comments, I think it  
14 fits well into the question I'm going to ask you. I've had  
15 the pleasure of working with you the last few years, and I'm  
16 well aware of your institutional knowledge, and your  
17 history, and that of many of your clients. And along the  
18 lines of brain drain, when you talk to your clients, and  
19 when you analyze CPR, are people thinking past this  
20 Administration, given the concentration of executive powers  
21 that we could be dealing with?

22 I think you're uniquely qualified, probably, to  
23 answer that question, because many of the people I talk to  
24 think of CPR in the present day, they think of this  
25 Administration, and we're going to have other

1 administrations. I'd really appreciate your comments.

2 MR. MATTEIS: Actually, we've actually talked  
3 about that quite specifically. You know, as we centralize  
4 the decision making, we have a friendlier administration, no  
5 offense to anybody who might have been here before, or will  
6 come in the future, and it's going to be easier to deal with  
7 than one that doesn't. And when you have a decentralized  
8 system, at least you have more defenses that you can employ.  
9 Meaning, there's some benefit to having some Boards and some  
10 various other stops along the way.

11 It's my experience, usually when regulations come  
12 out, they're to do something to us, rather than for us. And  
13 so it is good to have some means of addressing them at a  
14 number of different levels, instead of a one-stop shop.

15 Now, if A.G. were here all the time, we'd probably  
16 be just fine. But I think it's a very important thing to  
17 look at as we go forward, and deciding whether to eliminate  
18 boards, or centralize the decision making, or not centralize  
19 it. I think it's a very important issue.

20 BOARD MEMBER HOPPIN: Rich, in your comment, not  
21 to be repetitive today, I think it's imperative that you be  
22 repetitive when you go forth from here to the CPR  
23 Commission, in making your presentation.

24 MR. MATTEIS: Thank you very much.

25 CHAIRPERSON JOHNSON: Thank you. Just to let you

1 know on the status, we have two more speakers, and then I  
2 have some comments I'd like to read into the record. I do  
3 anticipate this meeting to be probably over with by 12:30,  
4 if that works with everybody's schedule.

5 So our next speaker is George Soares.

6 SECRETARY KAWAMURA: George, real quick. If  
7 there's anybody else, of course, that would like to speak,  
8 please don't hesitate, you know, we'll open up the mike  
9 after that fact. And am I not understanding, those who do  
10 not have plane flights, at least we are here to listen and  
11 will be more than willing to listen as long as it takes.

12 MR. SOARES: Thank you. Karen, thank you,  
13 Mr. Secretary, Members of the Board. I'm George Soares,  
14 with the law firm of Kahn, Soares & Conway.

15 Like some of the other speakers, our clients have  
16 not taken a position, yet, on CPR and its many aspects, but  
17 I thought there might be some value in sharing where I think  
18 their mind set is going on some of these issues, so you have  
19 a sense of that.

20 I want to work through some of the topics of  
21 clients, starting with the Fair Industry. That's an  
22 industry that has been plagued for decades with red tape, to  
23 the point where they continue to struggle to make ends meet  
24 at these 80-some fairs around California.

25 Based on what we know of the proposal in CPR, the

1 industry is very supportive of what is being proposed,  
2 because what is being proposed is the elimination of a lot  
3 of that red tape that is causing these fairs to be in  
4 jeopardy. Horse racing revenues are more limited than ever  
5 before, the ability of fairs to make money during the  
6 interim is an important consideration.

7 The proposal, that's on the table, has the promise  
8 of doing that.

9 Let me go to Commodity Boards next. As most of  
10 you know, since 1937 we have developed a system in  
11 California, first with marketing orders, and then councils,  
12 and then commissions that brings us to current day. But  
13 since about 1987 that whole structure has been under legal  
14 attack.

15 And the industry, for much of that time, has been  
16 asking the question, what's the next generation? What  
17 should we be doing to address this structure? Keep in mind  
18 that the structure I've described to you affects somewhere  
19 between two-thirds and 75 percent of all of California  
20 agriculture, so it's a big deal as to whether these types of  
21 programs exist or not into the future.

22 The various boards, that I'm involved with, are  
23 evaluating the proposal right now. The good news about the  
24 proposal is that it offers an option, it creates some  
25 outside-the-box thinking, which I think is consistent with

1 this Governor's thought process. It creates opportunity,  
2 perhaps.

3 Now, the detail still has to be worked out, to  
4 some degree. But the fact that we have an idea in play I  
5 think is real positive for California agriculture. Over the  
6 next few months, I'd like to think that the industry, and  
7 others, can flesh out those details in a way where, once  
8 this option actually is presented, it is received by  
9 agriculture as truly an option and it will allow the  
10 opportunity for some programs to convert over, if they see  
11 fit.

12 In the area of Weights and Measures, as some of  
13 you know, we represent the retail community, as well, and  
14 they are evaluating that issue for now.

15 But I want to pick up on Rich Matteis' comments.  
16 Ag. Commissioners have many masters, now, and at that level  
17 I'm concerned about the idea that they'll have one more.  
18 Furthermore, when you look at the Weights and Measures role  
19 of an Ag. Commissioner, they are directly linked to this  
20 Department of Food and Agriculture in many ways, and Rich  
21 represented some of those to you, and I think there's  
22 probably others.

23 I think there's a compelling reason, therefore,  
24 for Weights and Measures to remain at Food and Agriculture.  
25 And so what may look good on paper, in practice may be



1 something else, and so we're evaluating that with that  
2 thought in mind.

3 Let me preface my last category of comments with  
4 the following comment. It's often said by public officials  
5 that agriculture is an economic driver in California, one of  
6 the primary economic drivers. And yet, this Department of  
7 Food and Agriculture produced a report, in 2002, that showed  
8 the economic trends for agriculture from 1997 to 2001. Two  
9 interesting lines that I focused on in that report. One was  
10 the gross receipts for agriculture, essentially flat for  
11 that five-year period, in the \$28, \$29 billion range.

12 The alarming line, if that wasn't alarming enough,  
13 was a red line, showing a decline in that same five-year  
14 period, of 41.8 percent in net farm return.

15 When you match up the comment that agriculture is  
16 a driver, and yet you see the return for this industry  
17 declining at that rate, you know something is wrong.

18 When Iowa eggs can come into California, at  
19 substantially less than California eggs can be produced  
20 right here, you know something's wrong and so you go to the  
21 issues.

22 When the dairy industry is affected by a 1938 air  
23 pollution report, instead of something current, to decide  
24 how dairies are treated in California, you know something's  
25 wrong.

1           And so when you get to the issues, some of the  
2 things are just the reality of being in business. What  
3 we're focused on here is government's impact on those  
4 numbers.

5           I'm very complimentary about what this Governor's  
6 done because we would not be sitting here today, in my  
7 judgment, had the Governor not created CPR, and created the  
8 discussion we're engaged in, and I think everybody is now  
9 starting to be engaged in. Very healthy process.

10          Now, how to make it all work. The trade  
11 associations that we represent, from the ag. business  
12 community and production ag. are looking at issues, like  
13 pesticides, and land use, and air quality, and water  
14 quality, and evaluating the linkage, the appropriate linkage  
15 between this department and those subject areas.

16          In my opinion, not speaking for clients at this  
17 moment, the linkage is wholly inadequate. This is not a  
18 matter of turf for us, this is a matter of creating a  
19 government structure that works, not only today, but for the  
20 long term. If we are the economic driver, then the  
21 inconsistency of government, the left and the right hand not  
22 knowing what's happening, must be addressed.

23          And so we believe that a legal structure of some  
24 consequence needs to be established. Now, I can't tell you  
25 precisely what our clients think about ag's role in

1 relationship to DHS on a particular issue, Karen, but we  
2 think there needs to be a strong role because we think they  
3 are linked.

4 I was really pleased when the Department of Food  
5 and Ag., on a recent issue, worked cooperatively between  
6 Food and Ag., Resources, and EPA to deal with a very  
7 difficult issue. It worked perfect. But you can't count on  
8 it year in and decade out. We need a legal structure that  
9 is going to provide the right kind of input.

10 I think it was Don Gordon who mentioned the mill  
11 tax money that this Department receives for consultation  
12 with DPR. It's a very narrow activity that's authorized. I  
13 wonder whether we can broaden that activity so that when you  
14 actually do consult, and in some cases drive issues, you  
15 have resources, as limited as they might be, to deal with  
16 those kinds of issues.

17 I think, at least from my vantage point, to some  
18 degree we have to be realistic about all this moving of the  
19 boxes that we're talking about. It's still going to cost  
20 money to do what government does, in relationship to  
21 industry. It seems to me it's in our best interest to have  
22 as efficient a system as possible, because to a greater  
23 degree, and I think we've all seen this, it's going to be  
24 our money. It's not General Fund money that's paying the  
25 bill as much as before. And I don't know about you, but the

1 trend line, I think, is more to our pocketbook, rather than  
2 the State's pocketbook. These kinds of things, I think,  
3 have to be part of the consideration.

4 We have to eliminate unintended consequences, as  
5 one of the speakers talked about. Everyone is well intended  
6 when you put something together on paper, but then the  
7 execution of it, I believe, contributes to that 41.8 percent  
8 decline in the net profit of California agriculture. We're  
9 not going to eliminate it all but, hopefully, this Board and  
10 the ag. community can become very aggressive on this issue,  
11 make it's point known. If we are, in fact, the economic  
12 driver, then treat us like that. Give us the opportunity to  
13 help this economy as best we can.

14 Well, with that, Mr. Secretary, Karen, I'm happy  
15 to answer any questions.

16 CHAIRPERSON JOHNSON: Okay. Drue Brown.

17 BOARD MEMBER BROWN: Good morning, George.

18 MR. SOARES: Good morning.

19 BOARD MEMBER BROWN: George, you speak -- I hear  
20 you loud and clear, you speak to a legal structure. Could  
21 you give an example of what you -- I mean, I understand, but  
22 what type of legal structure, quasi or what --

23 MR. SOARES: Well, for me, again just  
24 brainstorming about this, Drue, we have one modest example  
25 right now, I described with the mill tax. It seems to me

1 that we need clear lines of authority on some of these  
2 critical issues. The relationship between Health Services  
3 and Ag., depending on the issue, it may well be that Food  
4 and Ag. should be the driver and Health Services consults.

5 On other issues, maybe the flip side. But clear  
6 authority, something more than a phone call between agencies  
7 must become the order of the day if we're to be able to deal  
8 effectively, I think, with some of these issues.

9 Now, again, for me it cuts both ways though. As  
10 we're asking for more structure and more interaction, I  
11 suspect others are going to be asking for the same. And so  
12 as I say, it's going to cut both ways. And the Secretary  
13 will be needing to respond to additional requirements on  
14 him, just like other Secretaries will have to respond to  
15 obligations placed on them.

16 So long as it takes us down a path where we have  
17 more efficiency, kind of like what the Fairs are saying,  
18 with why they like this proposal, let's get the red tape off  
19 of agriculture and let agriculture do what it can do. It  
20 has enough challenges in a world marketplace, already, it  
21 doesn't need California government adding to the load.

22 CHAIRPERSON JOHNSON: Okay, Bob Feenstra.

23 BOARD MEMBER FEENSTRA: George, your firm has been  
24 involved with Fairs more than anyone I know in this State,  
25 at least during my career. We've read in the newspapers

1 that there's been some talk about privatizing and all that,  
2 is that one solution that your people are looking at?

3 MR. SOARES: No, it is not the solution. The  
4 proposal in CPR is not to privatize, it's to take it to a  
5 different setting, but still within government. And without  
6 getting into the details of that, the relationship with  
7 government remains important for Fairs. But also, some  
8 freedom from bureaucratic red tape.

9 This proposal suggests that we can have both, and  
10 that's why we're really excited about the prospects of it.

11 CHIEF COUNSEL DYER: Bob, the proposal for Fairs,  
12 like the proposal for Commodity Boards, has the Fairs  
13 becoming essentially special districts. It's broader than  
14 that, school districts are the same thing, they're public  
15 corporations, cities and counties, joint powers agencies can  
16 be public corporations.

17 So CPR decided not to dictate the form that local  
18 control would take but to transfer, to local government,  
19 this role. So it still remains government, it is  
20 government, but it is a political subdivision of the State,  
21 rather than the Executive Branch there.

22 SECRETARY KAWAMURA: George, I think you have been  
23 working so closely with industry for so long, and I  
24 recognize that I think all of us know how we're pretty good  
25 at talking to the choir when we're here, have you had a

1 chance to think or to discuss with your groups what are the  
2 chances or opportunities for us -- excuse me, what is the  
3 opportunities for agriculture to have a similar kind of  
4 meeting in front of the other Secretaries of this Cabinet,  
5 to discuss specific areas of overlap? Have you had that  
6 chance?

7 MR. SOARES: We have not had that conversation.  
8 In fact, Mr. Secretary, I hadn't even thought about that  
9 possibility, I wish it were my idea. I'm going to take this  
10 idea back to some folks that I deal with and suggest that,  
11 in addition to talking to friends and, hopefully, most of us  
12 are on a similar page on these kinds of issues, I'd like to  
13 go into areas where people may be on a totally different  
14 book, let alone chapter and page, and start talking about  
15 these issue in a bottom line way to see where we may come  
16 out on it.

17 SECRETARY KAWAMURA: I know that our Department  
18 would be happy to help to try to facilitate a meeting with  
19 those other Secretaries and make that. I don't think there  
20 would be a conflict. John's thinking about it. I don't  
21 believe there would be a conflict. Again, what we're trying  
22 to do is just educate all of the public and the  
23 Administration, as well, about those different opportunities  
24 that may present themselves through this process.

25 So we'd be happy, as far as I know, to facilitate

1 in that process.

2 MR. SOARES: I understand it is not a  
3 recommendation, Mr. Secretary, but I think it's a wonderful  
4 idea and we'll pursue it. Thank you.

5 CHAIRPERSON JOHNSON: Thank you.

6 Our next speaker is Corny Gallager.

7 MR. GALLAGER: Thank you very much for this  
8 opportunity. And by the way, I always wanted to be a ten,  
9 and this is the first time.

10 (Laughter.)

11 MR. GALLAGER: Well, okay, but anyway, one of our  
12 goals in our organization is -- well, in our business, we  
13 quite honestly have a scale of one to ten, and our goal is  
14 to be a nine or a ten in our service to our clients.

15 I'm not here representing Bank of America, but for  
16 the record, I am the agri. business executive for Bank of  
17 America across the United States, represent our portfolio,  
18 manage our portfolio of about \$14 billion in loan  
19 commitments to people, like many of you in the room, and  
20 across the State of California, and across the country.

21 Nor am I representing the 12 or 14 panels,  
22 commissions, advisory councils, boards, or whatever it is  
23 that I serve on and the past service that I had with Reg, as  
24 Chair of the 4-H Foundation.

25 It's, instead, to bring you a collection of that



1 listening, and I hope it's listening, and not my personal  
2 opinion, but my listening of what those various efforts have  
3 said over the past year or so, that clearly relate to this.

4 And specifically, I think it's the project that  
5 was called California Food and Fiber Future, that Drue and I  
6 served on, that proved that coordination, and collaboration,  
7 and focus will work when it has a seed money, grant program  
8 that focuses it.

9 It is also the listening sessions that Reg led in  
10 trying to look at the future for ag., and natural resources,  
11 and cooperative extension, and et cetera, et cetera, where  
12 again we heard the messages of coordination, and  
13 collaboration, and focus on the future to help the  
14 collective need for California going forward.

15 I think the other one is that as you stand back  
16 and look at this effort, the greatest opportunity that I see  
17 is not the fact that it exists, but A.G., your call for some  
18 kind of a leadership coalition vision, if that's the right  
19 word, and I guess you're calling it NATS, and et cetera, but  
20 whatever that comes out to be I encourage all of you to  
21 think about it in the context of trying to figure out how  
22 these boxes are organized.

23 Kerry Tucker has led this great group, called Food  
24 Foresight, for a number of years now, that some of you have  
25 served on, and its effort is to try to figure out what those

1 future trends are. And I'm just encouraging, that as all of  
2 you think about this, that you think of the collaborative  
3 experiences that come out of CF-3, you think of the sounding  
4 board that Reg had, and the call from the people of  
5 California for the needs that they have, because I think it  
6 went beyond A&R, and cooperative extension. Their needs  
7 were articulated there. And I just encourage that we bring  
8 all those different voices together in this listening  
9 session.

10 I don't propose to have all of their opinions or  
11 their positions with me today, nor be able to communicate  
12 it, but I'll work with Chris Niance to give at least the  
13 three that I know and to let you hear those, so that you can  
14 think about those as you think about this future visioning  
15 process.

16 The other one is that I need to rush out of here  
17 to be the official judge of the Champion Challenge at the  
18 California State Fair, which is a program for young people  
19 to prove that they know about food safety, and that they  
20 know about animal rights and animal welfare. And so we'll  
21 be selecting, at 12:30 today, a winner of what's called  
22 Champion Challenge. And then at 5:30 this afternoon, with  
23 the great support of George Soares and his buyer group, and  
24 Rich Matteis, and who all knows what else, we invite all of  
25 you to bring you money out to the California State Fair at

1 5:30, we'll give you a free barbecue. You can take home a  
2 lamb, you can take home a chicken, if John doesn't outbid  
3 you. Right, didn't you buy the chickens, John? You bought  
4 something. He can't remember.

5 But the bottom line is we're in for big fun today  
6 and I want to tell you that you're all invited out for big  
7 fun and to help support the youth of California tonight.

8 SECRETARY KAWAMURA: Corny, you have represented a  
9 bank that has been so supportive of agriculture over the  
10 years. There's a lot of other financial institutions in  
11 California, both domestic to California, and national, and  
12 international banking, financial institutions that have so  
13 much at stake in an investment in this State. Do you think  
14 there's an opportunity for those institutions, your  
15 counterparts in the agriculture sector, the lending sectors,  
16 to sit together and talk about what CPR does and doesn't do  
17 for their clients, their investment portfolios, they're  
18 future, as far as they're looking at it, 5, 10, 20 years  
19 down the road, and be able to make some kind of a comment,  
20 through the CPR process, to this State, about what they see  
21 as an agriculture future; do you think there's a chance for  
22 that to happen?

23 MR. GALLAGER: The answer is yes. And as you may  
24 know, one of the 14 is I Chair the California Bankers  
25 Association Board, so I'll accept that invitation and pull

1 that group together, and look specifically, because we  
2 haven't looked specifically at some of these issues that  
3 are, quite honestly, more the venue and the responsibility  
4 of the industry, directly.

5 But for the concepts, yes, we're willing to accept  
6 that challenge.

7 SECRETARY KAWAMURA: And my guess would be, again,  
8 maybe several, whether it's the Governor, whether it's  
9 several Secretaries, whether it's the Panel, the CPR Panel,  
10 those are all venues of places that would be, I think, very  
11 excited to hear what a group like that would have to say  
12 about their vision for a future for their portfolios.

13 MR. GALLAGER: I'd be happy to lead that.

14 CHAIRPERSON JOHNSON: Bob Feenstra.

15 BOARD MEMBER FEENSTRA: If I could help you to  
16 say, for the Secretary, you have been so helpful and  
17 supportive of all the universities over the years I've known  
18 your company, your lending institution. If you can get them  
19 all to participate, like you are participating, and provide  
20 the opportunities for private industry and public  
21 partnerships, Corny, that would be helpful to all. I think  
22 CPR's looking for new avenues or new opportunities to help  
23 serve California and Ag. industry, and I think you can get  
24 that message out.

25 MR. GALLAGER: I'd be happy to fire them up.

1 MR. FEENSTRA: Good.

2 MR. GALLAGER: There are points where we talk to  
3 each other. Generally, we're fighting with each other for  
4 all of your business, but there are times when we actually  
5 can talk to each other, and I agree with the challenge to  
6 get them more involved in that collaboration and leadership.

7 SECRETARY KAWAMURA: I think the Governor has  
8 said, recently, that this idea that California had slipped  
9 from the fifth to the sixth largest economy in the world,  
10 and without some changes could be on its way to the seventh,  
11 eighth, ninth, or tenth largest economy in the world, he  
12 said, "not on my watch."

13 MR. GALLAGER: Yeah, cool.

14 SECRETARY KAWAMURA: He's excited to see us move  
15 in the other direction. If we move in the direction of the  
16 fifth or fourth largest economy in the world, it's nothing  
17 but important for you guys to leading that charge for us, so  
18 thanks.

19 MR. GALLAGER: Absolutely. We're happy to be  
20 here.

21 CHAIRPERSON JOHNSON: Okay, Charlie.

22 BOARD MEMBER HOPPIN: Corny, do you see customers  
23 that come into your bank that are no longer competitive, not  
24 only within the State of California but, more importantly,  
25 with other countries and with other states? I always hear

1 so much about globalization, I worry about other states. Do  
2 you see people that just can't compete here because of  
3 regulatory issues and others?

4 MR. GALLAGER: Yeah, absolutely. And in fact,  
5 some of them are visionary enough to know that their game  
6 here is over and that they're no longer competitive, and  
7 they seek another way to remain a viable operation in the  
8 global food system, and they move to wherever, and there are  
9 times when we help them with that.

10 In fact, one of the major trends of the Food  
11 Foresight 2004 project is just that, this constant squeeze  
12 on, particularly, California agriculture and the role it  
13 plays in global competitiveness.

14 China has the power to come in and smash you  
15 wherever they care to do that. Now, the good news is they  
16 probably won't do it on capital-intensive industry groups,  
17 such as California Almonds. But we all saw what they did on  
18 garlic. We all saw what they did on grape juice  
19 concentrate.

20 So it's not -- you know, we no longer have control  
21 of the sandbox that says we have something unique here, and  
22 other people certainly want our markets. And the  
23 competitiveness study that Karen, and her Wine Vision Team  
24 is leading, is focused just on the question that you're  
25 asking, what role do we play in competitive U.S.

1 agricultural production and global competitiveness.

2 So absolutely true, happens every day, and sorry  
3 to say there's more going out than coming in. But just  
4 remember, we're really good at capital-intensive innovation  
5 and family leadership.

6 You know, Feenstra can find you a family that can  
7 set five people up, and in a generation way. You can find  
8 families that can set three, four generations up in a family  
9 way, and they become extremely powerful and very, very well  
10 managed capital-intensive business. And we're taking little  
11 ones and making into big ones.

12 We used to throw those damn baby carrots away,  
13 guys. We used to throw those baby carrots away. We just  
14 have to figure out how to take big ones, or little ones, or  
15 ugly ones, or whatever they were and make it into something  
16 somebody wants to buy. Yeah, we're about that. We like to  
17 do that, that's cool.

18 CHAIRPERSON JOHNSON: Thank you.

19 MR. GALLAGER: Thank you. Sorry to eat and run.

20 CHAIRPERSON JOHNSON: Before we move to our next  
21 speaker, I would like to turn the floor over to Marvin  
22 Meyers. We have a distinguished guest that I would like you  
23 to introduce.

24 BOARD MEMBER MEYERS: Board members and guests,  
25 I'd like to introduce Senator Liz Figueroa. Senator

1     Figueroa is very interested in CPR. You want to say a few  
2     words about your --

3             SENATOR FIGUEROA: Oh, thank you. I don't want to  
4     interrupt your meeting, Mr. Secretary, Board Members, and  
5     friends. I'm just here to really listen. It's an issue  
6     that's of interest to me and I've learned a lot through  
7     going to the State Fairs up and down the State, and have had  
8     met many of the ag. folks in numerous ways. And one of the  
9     sweetest letters I got, was from one of my constituents, was  
10    from a 4-H member, a little girl who gave me the name of  
11    five of her pigs, and suggested I go to the State Fair and  
12    bid on one of them.

13            (Laughter.)

14            SENATOR FIGUEROA: That's how I'm known in my  
15    District, even though I represent Silicon Valley, that the  
16    children and so many of the people know that I'm very, very  
17    interested in the future of California and you play a very  
18    large part. Thank you for having me.

19            CHAIRPERSON JOHNSON: Thanks for being here.

20            SECRETARY KAWAMURA: Thank you.

21            CHAIRPERSON JOHNSON: John Kautz.

22            MR. KAUTZ: Well, it certainly is a pleasure to  
23    sit here at this Board table, again. I had the privilege of  
24    being the President of this Board for 11 years, under  
25    Wilson, and under Lyons, under Grey Davis.



1           Also, had the privilege of working very closely  
2   with Henry Voss and Ann Venamen, and then shortly with Bill  
3   Lyons.

4           I have watched ag., literally all of my life, as I  
5   grew up on a typical family farm, where we raised all our  
6   own food. I have watched this industry from the forties to  
7   now, watch it change, change, change. I certainly believe  
8   that what we're doing here now, at looking at how to  
9   streamline change and improve is very necessary. Very  
10   necessary, it's something we all do in our own businesses,  
11   change directions or whatever, I believe that is something  
12   we need to look at here, also.

13           I also believe that as I have grown up through  
14   ag., and Karen we just aren't in the wine business, grape  
15   business, but I have raised 44 crops, commercially, over my  
16   lifetime. So I've got a bit of a broad experience in a lot  
17   of different crops.

18           But we started out, there was no regulation, and  
19   ag. was very strong, very powerful for years, and years, and  
20   years. And we have watched this power of ag. erode and  
21   erode to where we aren't the power that we should be. We  
22   definitely deserve to be in a stronger position than we are  
23   today, where our Department of Ag., and I really commend  
24   A.G., and Chuck, and the whole team for the efforts that  
25   they currently are making in revitalizing this Department.

1 But the other entities are taking a bigger and bigger part  
2 in directing what we can or cannot do in agriculture.

3 And you know, going from a time where there were  
4 no regulations, to where now you can't be efficient, you  
5 can't get anything done without spending a bloody fortune on  
6 trying to do what we all know should have been done or  
7 should be done. And it's not that the issue is something  
8 that you shouldn't do, but you've got to go through all  
9 these hoops, and costs, and expenses to get there.

10 Now, in the wine business, I'll guarantee you we  
11 are in a global market. And the competition out there in  
12 the marketplace is beyond brutal. We have to be able to  
13 keep the tools and we have to get rid of some of these  
14 regulations that are literally forcing us into uncompetitive  
15 situations in all of our ag. commodities.

16 Somebody mentioned 41 percent reductions. All of  
17 these numbers are factual, and we really need to take note  
18 on what is hurting us, costing us in ag., and what do we  
19 have to do to regain our competitive position world wide.

20 Again, many of the things that were mentioned here  
21 are right on point. This 2,500 pages, and to get into  
22 direct issues is going to be difficult. If you're going to  
23 look at the vision ahead, you definitely need to look at  
24 what has happened to us in the past. And using that as your  
25 criteria, look to see what specifically needs to be done in

1 the future.

2           And one of the things that is absolute, the  
3 Secretary of Ag. has got to be on a strong, strong footing  
4 with every other Secretary in the Cabinet, and needs to be  
5 able to work with them. There isn't a single issue that  
6 affects Ag., that we should not have an Ag. representative  
7 over at wherever it is. And that has been not happening  
8 here, it's been disappearing on us. And that's why we  
9 really have to maintain a very strong, strong Ag.  
10 Department.

11           I hate to see anything taken away from us.  
12 Weights and Measures, I think, should stay here, because  
13 most of the items that Weights and Measures addresses are  
14 Ag. issues. Sure, they do fuel and a few other things, but  
15 most of them are Ag. issues and working with those county  
16 commissions are vital.

17           And we're losing funding from the boards of  
18 supervisors. Orange County lost it a few years ago, and  
19 then I think got it back. But it goes on and on.

20           And I really believe that you need to maintain a  
21 real strong Ag. Board. This State Board of Food and  
22 Agriculture, I've seen it in all fashions here, but for many  
23 years this was a very, very strong, powerful Board, and it's  
24 the sounding Board for the Secretary of Ag. The people have  
25 influence over a lot of other sectors, and you can get a lot

1 done if you keep it here, in your Food and Ag. Don't let  
2 them diminish the role of this Board, because this Board can  
3 be very strong and powerful for all of us that are in  
4 agriculture.

5 So you know, again I just say, you know, we're  
6 fighting at every issue, every turn, extension, everybody is  
7 trying to cut back, where are we going to save money. And I  
8 agree, we have to work on trying to save money and do it  
9 right, but don't let them diminish our role in ag. anymore,  
10 it's as low as any of us can ever want to see it.

11 I thank you. I'll take questions, whatever.

12 SECRETARY KAWAMURA: John?

13 MR. KAUTZ: A.G.?

14 SECRETARY KAWAMURA: You mentioned the regulatory  
15 system being such an enormous burden on the producer these  
16 days, and yet I know that in Lodi you spearheaded,  
17 basically, a movement towards kind of a sustainable code of  
18 agriculture practices, as a voluntary effort to have growers  
19 move in the direction, the same direction that you and your  
20 company had been moving for many years.

21 And I know that in the interview that I had with  
22 the Governor, we had mentioned can we somewhere, someday,  
23 somehow get to a system that's incentive-based, as opposed  
24 to punitive-based, where you are beating our producers over  
25 the head with a stick, or can we get to an incentive-based

1 system?

2 Is that something that you might see in the CPR  
3 process, there's some opportunities for modification of how  
4 we look at what we're all trying to achieve in a regulatory  
5 process and how we get there together?

6 MR. KAUTZ: Well, certainly, if you have  
7 incentives, and I'll give you a quick example. The  
8 Department of Food and Ag., in D.C., had a program going  
9 through ASCS, where they contributed, in fact what helped us  
10 get the IPM, Integrated Pest Management program going in  
11 Lodi, which was the forerunner to the Sustainable Ag.  
12 Program, was I was able, knowing the friends back there, to  
13 gain \$175,000 of matching funds from ASCS, that went -- the  
14 growers all put the funds in to match it on individual  
15 farms, and through that we put together that entire  
16 Integrated Pest Management Program.

17 Highly successful. What it did, more than  
18 anything, was educate the growers on what was possible, what  
19 was working, what wasn't. They had many meetings,  
20 breakfasts, whatever, and that's what got it off the ground.

21 I'm still worried about having started the program  
22 because somewhere down the road somebody's going to grab  
23 that program and say, now, this is the regulation, you have  
24 to do it, and that's a worry. But definitely partnerships.

25 I'll give you a quick example, the Regional Water

1 Quality Control Boards, all right, you've got these  
2 different Boards, and they're all operated differently. I  
3 concur with let's move it into the State, but let's make  
4 sure we have balance on the members that are on that Board,  
5 so that they truly understand the business.

6 But one of the workers for the Central California  
7 Regional Water Quality Control Board stated to a whole group  
8 of wineries and to processors, "I don't care if I shut every  
9 one of you down, this is the way it's going to be."

10 Then we set up a program, Wine Institute-funded,  
11 for \$350,000, to study the problem. The Regional Water  
12 Quality Control Board is writing up the people that  
13 participated in that study. Now, these are the kind of  
14 things that are absolutely wrong. We've got to take control  
15 of those kinds of things and stop them.

16 CHAIRPERSON JOHNSON: Thank you. Do we have any  
17 further comments?

18 MR. GOMES: Good afternoon, as it is now. My name  
19 is George Gomes, I represent the California Farm Bureau.  
20 And I'm not going to go over what has been discussed already  
21 with regard to CPR, because there's been a lot of excellent  
22 comments made, for which I fully concur.

23 What I would encourage you, as appointees of the  
24 Governor, to do, is support what CDFA, Secretary Kawamura,  
25 and his staff, have been doing in terms of an excellent job

1 of reviewing the documents and trying to shed light on some  
2 of the areas that need further consideration.

3 One of those points that I would like to make is  
4 the fact that there were more than -- there were hundreds of  
5 public servants who were called together, to put this  
6 document together, and as we heard, produced over 2,500  
7 pages, and yet over 5,000 pages yet-to-be-seen documents,  
8 where the devil is in the details.

9 This is a project that has been long overdue.  
10 It's taken decades upon decades of legislation, and  
11 bureaucratic action, and some good government action to  
12 create the system that we are now in. It is worth taking  
13 the time to change it properly. I encourage you to  
14 establish a slow-down, do-it-right-the-first-time process as  
15 opposed to being bound by artificial timelines that says it  
16 has to be done by a certain date, do it now or else your  
17 window's closed.

18 So I encourage you to look at the timing of what  
19 is occurring here and try to slow it down so that we can do  
20 it right.

21 More importantly, a beginning phase of this thing  
22 should be an overall policy of where we want to go with, not  
23 only farming, agriculture, and business, but all of  
24 government. The aspects that we're concerned about,  
25 relative to farming, are certainly most important on our

1 minds, but the reality is when we talk about a safe food  
2 supply, a reliable food supply, an affordable food supply,  
3 and dependable food supply, we are losing our dependability.  
4 And I'm not suggesting for a moment that any of us believe  
5 that there will ever be a time in this State when people  
6 here will be hungry, or in this country.

7           The question really is, and the policy  
8 consideration needs to be made, is whether or not we want to  
9 be dependent upon foreign countries for our basic food  
10 supply, as we are for our fuel supply. This needs serious  
11 legislative consideration, not only at the State, but at the  
12 federal level. We will always have food, but do we want to  
13 get it from third world countries and be held hostage for  
14 supply and price, as we are for fuel, and to a certain  
15 extent today for electricity, because we know that comes  
16 from other states, and it comes from Canada and Mexico.

17           So we'd best be looking at how we're going to  
18 protect our ability to feed our nation, whether it's peace  
19 or war, with a dependable food supply.

20           It's been mentioned that agriculture, the  
21 Department of Agriculture, CDFA, needs to be fully engaged  
22 in all aspects of the CPR process. I take an opportunity to  
23 point out we have a government entity that is going forward  
24 with a 20-year housing plan. Commendable. We need to look  
25 at where we're going to go in the future.



1           But there's some guidelines that are supposed to  
2 be common to all communities as they look at this 20-year  
3 housing plan. Those guidelines don't fit every community  
4 across this State. There needs to be some flexibility in  
5 that process.

6           At the time that we're looking to try and prepare  
7 for the next 20 years for houses, we're ignoring our need  
8 for the next 20 years in water. At the same time, we've got  
9 a CalFED program going on where several State agencies are  
10 acquiring land to get control of the water and precluding it  
11 from being used for food production.

12           We've got a lot of major inconsistencies going on  
13 with government, now, that need to be addressed.

14           Another point that I think has to be made, as has  
15 been alluded to, but not specifically addressed, is the  
16 cumulative affects of all that is going on within government  
17 agencies. There's a lot of well-meaning legislation,  
18 there's a lot of well-meaning regulation, but nobody is  
19 responsible and being held accountable to look at the  
20 cumulative effects of how all of those interrelate with each  
21 other.

22           We're being asked, in farming, to try and look at  
23 what we do with water quality, water quantity, pest control  
24 materials, we're being asked to look at all of those  
25 accumulatively, but nobody looks at it from a legislative

1 stand point, when they're initially passed, as to whether or  
2 not air and water quality regulations, labor regulations,  
3 pesticide regulations, whether or not they're all working in  
4 harmony with the environment, and to do it, as the Governor  
5 said, with business.

6           The Governor indicates that we can have it all. I  
7 think we can. But we have to go slow, we have to be sure  
8 that everyone is at the table, and CDFA certainly needs to  
9 be an important part of every aspect of that.

10           The Governor's also fond of saying that "we can't  
11 move our farms and ranches out of state." I really respect  
12 the Governor, support the Governor, but I hate to disagree  
13 with him on that point, because they are moving out of  
14 state. Farmers are leaving the State to farm in other  
15 states and other countries. The land is being used for  
16 development, the land is being used and acquired by  
17 government.

18           We already own, our government already owns over  
19 half of this State. In the Sierra Nevada Conservancy area  
20 it's over two-thirds. And we're talking about how we're  
21 going to control less than a third of the land in 18  
22 counties in the northern part of this State.

23           We need to take an overall look at what we're  
24 doing, as it affects the long-term interest of our ability  
25 to provide a safe, reliable, and dependable food supply.

1           Now, all of this is going to be impacted by who is  
2   putting it in place, who's really putting the details  
3   together, who's actually implementing those details, so it  
4   all comes back to people.

5           And you've talked about the significant turnover  
6   anticipated in this Department, and having been here for a  
7   few years, I know there's some outstanding people here, and  
8   there's good people in a lot of places in government. But  
9   we need to continue to try to motivate and keep those people  
10   excited about the opportunities for change, for the  
11   betterment of all Californians, not just for their own  
12   little part of the world.

13           CHAIRPERSON JOHNSON: Thank you.

14           Comments by the Board, I have Drue and then Mary.

15           BOARD MEMBER BROWN: Good morning, George -- or  
16   good afternoon, George.

17           MR. GOMES: Good morning. Yeah, hi, Drue.

18           BOARD MEMBER BROWN: George, you eloquently stated  
19   some very big picture opportunities or situations currently  
20   going on in the State, and also in the nation. Towards the  
21   end of your presentation you started talking about  
22   personnel, or people, I believe it was -- well, I can't  
23   remember which speaker talked about how we're going to  
24   maintain the digressive nature of people, you know, in terms  
25   of bottom line how we maintain this particular industry.

1           John, I listened to his language, not only in  
2 terms of production, but also the amount of members -- or  
3 excuse me, Board Secretaries or Directors of Food and Ag.  
4 that he's worked with, very illustrious. And that  
5 particular, what was unique with those Directors and  
6 Secretaries was their affinity, not only their affinity for  
7 the industry, but also being able to mentor people to come  
8 into their particular positions as they left.

9           Now, a lot of what you said was, I'm right on  
10 point with you, but the ingredient to make this happen is  
11 your personnel. And as you know, we're losing, we've  
12 already lost numbers across the street, and now we're losing  
13 within the Department, and also we're losing position, we're  
14 fighting the urban, the environmental, which I'm also part  
15 of the environmental. We're not fighting against me, but I  
16 understand the position.

17           My point is, like on the family farm or the larger  
18 farm, it's hard to bring this next generation into farming.  
19 But that's the same thing we're having here, is that it is  
20 hard to attract people to this particular institution, CDFA.

21           My question to you is, from an incentive stand  
22 point, and from a stewardship, and I'm not talking about the  
23 land, but I'm talking about leadership with people, and I am  
24 familiar with ag. leadership, I'm a former member. But I  
25 want to hear your words as it relates to this issue, the

1 numbers we're losing, but we're not losing people, but how  
2 do we turn these people around to become aggressive and  
3 hungry about maintaining -- not maintaining, but increasing  
4 this, turning this 41 percent up, the curve up, the one that  
5 George spoke about? Do you understand what I'm saying?

6 MR. GOMES: I think I know where you're going and  
7 I could spend an hour or two talking about this issue,  
8 because it's very near and dear to my heart in terms of what  
9 the opportunities are for us.

10 I have the chance to see a lot of young leaders,  
11 future leaders, through the 4-H and FFA programs. We have  
12 some challenges, now, within the Department of Education to  
13 try and eliminate what has been historically the original,  
14 the most effective, the most popular after-school program  
15 that ever came down the road. We should be requiring every  
16 kid in high school to go through one of those FFA programs,  
17 not trying to find a way to eliminate it.

18 Because I can assure you, Drue, I have every  
19 confidence in the world, and like John, I've seen a lot of  
20 Secretaries, and Directors of Ag. and, in fact, wore the hat  
21 one time. I can assure you that I have every confidence  
22 that we have the leadership coming, if we give them the  
23 opportunities.

24 Charlie sees them every day, when they come to his  
25 University. There's some extremely bright, dedicated,

1 talented minds that I see through 4-H and FFA, and we should  
2 not do one thing to discourage the further expansion of  
3 those programs, as we are now headed.

4 We talked about how we are going to be inclusive,  
5 we should be involved in education. Most of us here, or all  
6 of us have kids, grandkids, we should be concerned about  
7 education. Farmers are concerned about education, we should  
8 be involved in the Department of Education. And yet, we  
9 have little opportunity to get in there and do what needs to  
10 be done.

11 Because the universities are producing some  
12 wonderful talent, they're developing mature, young adults  
13 for leadership roles and let's not pass that chance.

14 CHAIRPERSON JOHNSON: Okay. Mary.

15 BOARD MEMBER CRAMER: I listened very intently on  
16 what you said, and my background is in the ag. industry, and  
17 my family, at one time, were one of the major ag. producers  
18 in Southern California. And I have to tell you, from my own  
19 personal experience, from so many of the farmers that we  
20 bought the product from to process, and ship to our  
21 customers, they just, as George Soares mentioned,  
22 previously, they just could not handle it in the State  
23 anymore. For whatever variety of reasons, if it's out-of-  
24 state competition, cost of feed, labor, any multitude. As  
25 we all know, any multitude of issues always does affect us.

1           Now, I'm looking at the CPR hearing schedule and I  
2   want to mention that I did attend the first CPR hearing at  
3   U.C. Riverside, and so I did see, firsthand, what is the  
4   procedure at the CPR, and they do call expert testimony.

5           Now, I don't know where they get their experts,  
6   but they do call the experts for testimony, and they have a  
7   few minutes that they're allowed to speak to this Panel,  
8   that will take -- that this Panel, that has digested this  
9   immense form, and it's my understanding because I had dinner  
10   with someone that's on the Panel, Mr. Frates, from the Rose  
11   Institute, they're going to take all of the recommendations  
12   and come up with another paper to give to the Governor and  
13   his respected group, that's supposedly going to digest all  
14   of this for further issue.

15          Now, as I've seen this -- I'm going to get to my  
16   point. As I've seen all of these subjects that they're  
17   talking about, they're talking about protecting the  
18   environment, protecting the food that people should eat and  
19   not become ill. Protecting education, protecting public  
20   service, protecting the people against the lawbreakers, and  
21   how we deal with them.

22          And several people have said here, something that  
23   I think, agriculture needs to be protected. In order to  
24   protect our food supply here, in the United States, we need  
25   to protect it in a certain manner.

1           And I have a question to ask you, were you asked  
2   to testify at any of these open forums?

3           MR. GOMES: I was not asked to testify and, to my  
4   knowledge, I do not know of anyone within the agricultural  
5   community that was asked to testify.

6           BOARD MEMBER CRAMER: So my question is, why is  
7   the agricultural community excluded from this very long list  
8   of public hearings, when we're providing food for this  
9   State, we're providing food for the voters, for the  
10   children, for the taxpayers? Why have we been excluded?  
11   And I don't think it's right.

12           And this is the question that I'm presenting, and  
13   I'm saying this is a very excellent gentleman, and unbiased  
14   view of --

15           (Audience comment.)

16           BOARD MEMBER CRAMER: But I liked his comments  
17   very much.

18           BOARD MEMBER GOMES: Karen, can I make a comment?

19           MR. GOMES: Reg and I spell our name the same way,  
20   and we often relate that we're not related, but we went to  
21   different schools together, so that's the closest  
22   relationship that we have.

23           There's a lot of us that have talked about that  
24   issue. I believe that has been addressed, appropriately,  
25   and will be considered. Time will tell, but I fully believe



1 that that issue has been addressed in the right manner, and  
2 we will have a representative to be able to speak.

3 Now, recognizing the process that they go through,  
4 the limitation of speaking is three minutes, it's very  
5 difficult to be of substance. That's why, together, my  
6 colleagues and others, need to define what we're going to  
7 say and put it in writing and submit it. That's where the  
8 message is going to be actually delivered.

9 So whether or not we are actually seated there as  
10 a panel, we still have a responsibility to provide the  
11 written message, because I think that's going to be of  
12 greater value.

13 CHAIRPERSON JOHNSON: Bob.

14 BOARD MEMBER FEENSTRA: Karen, at a meeting, Mary,  
15 that was arranged by the Secretary, that was brought up with  
16 the Governor the other day, and a young man was sitting  
17 there and saying, "I sat through the whole session all day  
18 and didn't get a chance to speak, I had signed up." And the  
19 Governor made a very, very serious comment to his Cabinet,  
20 saying that he will be the first to testify at the next  
21 hearing. He's a farmer, he will present.

22 So this Governor heard that complaint and moved  
23 immediately to make sure that that farmer is addressing that  
24 at the next hearing.

25 As George said, there's some changes being made as

1 we go along. But this is a whole new process. But it is  
2 happening.

3 CHAIRPERSON JOHNSON: Mary and then Mary.

4 BOARD MEMBER PARENTE: Yes, I would like to ask  
5 Mr. Wade to stand, since he's one of the persons that  
6 testified at Riverside, to give us his perspective of this  
7 issue.

8 MR. WADE: I'd be happy to do that.

9 CHAIRPERSON JOHNSON: Okay, could you come to the  
10 mike?

11 MR. WADE: Well, thank you for the opportunity to  
12 talk briefly about that process. To my knowledge, the --

13 SECRETARY KAWAMURA: State your name, please?

14 MR. WADE: Thank you. My name's Mike Wade, I'm  
15 Executive Director of the California Farm Water Coalition.  
16 Our organization was set up in 1989 to provide fact-based  
17 information on California's irrigated agriculture industry  
18 to the public.

19 I was invited to be a panelist at the first  
20 Performance Review hearing in Riverside, and my  
21 understanding is the invitations were submitted by  
22 Performance Review Committee members, agency heads, and  
23 others that are involved in the process.

24 And I did ask about agricultural representation,  
25 and up to that point was the only agricultural

1 representative that had been invited.

2 I also believe that it's an ongoing process that,  
3 as the panels are developed, and as the hearings are planned  
4 and carried out, that additional panelists will be invited  
5 and asked. I can't believe that they have all of the  
6 panelists selected for the last hearing.

7 So think that the concerns from agriculture are  
8 being heard, and we appreciate your input, George, and  
9 others that have expressed a desire to have better  
10 representation from agriculture to do that.

11 If I may, I do have a few comments about the  
12 Performance Review, itself, and some recommendations that I  
13 think would be helpful.

14 In 1994, when the CalFED Bay-Delta Accord was  
15 signed, all of the discussion and all of the driving factors  
16 that led us to the Accord dealt with water supply. And they  
17 were brought about because there were threatened and  
18 endangered fish existing in the delta, that were believed to  
19 be harmed and, in fact, they were harmed. They were sucked  
20 into the pumps and they were ground up, and they were harmed  
21 during pumping operations.

22 And so the way that those issues were being dealt  
23 with, up until the Bay-Delta Accord, was to stop pumping  
24 during times when those fish were present, or were believed  
25 to be present based on a calendar date.

1           With the Accord, and leading up to the record of  
2   decision in 2000, there was a perceived cooperative effort  
3   in order to get the fishery agencies, and get agricultural  
4   organizations and agencies, and other planning segments of  
5   California together, in order to solve that problem.

6           And what's happened is that there's been a  
7   tremendous amount of spending on CalFED's ecosystem  
8   restoration program, I think \$62 million, some of which has  
9   gone to protect brush rabbits, and incorporate a breeding  
10   program for brush rabbits, and protecting wood rats. And as  
11   George mentioned, purchasing easements and land purchases to  
12   set aside large tracts within the Delta to protect habitat,  
13   none of which do one bit to help California's water supply,  
14   which was the driving factor that led to CalFED.

15           Now, the water supply issue is very important to  
16   agriculture because I think 90 percent of the value of  
17   California agriculture is from irrigated agriculture. So  
18   water supply, as we all know, is vitally important to our  
19   activities.

20           Yet, the things that would help us are not being  
21   done.

22           The second point that I think needs to be made is  
23   that in the 2000 record of decision, that came out of the  
24   Davis administration, and had broad support from all  
25   stakeholders groups, was a recommendation to increase the

1 bank's pumping plant operations to 8500 CFS. That's not  
2 happened, yet. It's still operating at about 6600, it has a  
3 maximum capacity of 10,300, that was built into the system  
4 in the 1960's. But we're operating at 60 percent, or 70  
5 percent of capacity.

6 We could ramp that up to 8500, as recommended in  
7 the 2000 record of decision, add to the State's water  
8 supply, without adding any cost whatsoever.

9 Yet, the fishery agencies, that are charged with  
10 signing off on the permits to do that, have not stepped up  
11 to the plate. The permits are still in process, they're  
12 held up. And despite efforts and support from all the  
13 stakeholders, we're not at the 8500 level. And that would  
14 provide needed water supplies for all water users in the  
15 State, not only agriculture, but urban and environmental  
16 water users in other parts of California, that depend on the  
17 State Water Project.

18 The last thing, very briefly, is the California  
19 Water Plan, Bulletin 160, has been foundering over the last  
20 two or three years to come up with our supposed five-year  
21 update. It was last updated in 1998, it was due in 2003,  
22 it's not going to be released until December 31st of 2004,  
23 and much of the implementation will not occur until 2005.

24 And it's due to a variety of reasons, but one  
25 thing that would be very helpful would be Executive Branch

1 involvement and policy level involvement in the Water Plan.  
2 And that's not happened in the past, and I think it would  
3 demonstrate the importance of the Water Plan to being a true  
4 strategic plan for California water, and not just an  
5 exercise that we undergo every five years and then argue  
6 about, among stakeholder groups, until the next review takes  
7 place.

8 Thank you for a chance to speak.

9 CHAIRPERSON JOHNSON: Okay. Comments for George  
10 or Mike, by the Board?

11 MR. GOMES: I'd like to come back to one point.  
12 In chapter six, the Department of Environmental Protection,  
13 one of the findings of the report, the first finding, "the  
14 current framework for environmental regulation lacks  
15 accountability."

16 Pretty bold statement and pretty accurate. I like  
17 to put it that the birds and the bees, the critters and the  
18 trees, are pro choice. When given the chance to choose  
19 between government land and private land, they always come  
20 to private land. That's why government looks to find more  
21 private land. They need accountability in what they are  
22 doing.

23 CHAIRPERSON JOHNSON: Thank you. Do I have any  
24 more speakers?

25 MS. HALLSTROM: Good afternoon, Luawanna

1 Hallstrom, with Harry Sing and Sons, we're vine ripe tomato  
2 growers in San Diego County.

3 And I was fortunate enough to be at the meeting  
4 last week, with the Governor, and I do want to share, with  
5 those of you who weren't there, is that I think that A.G.  
6 has done an incredible job bringing together leaders, and  
7 working really hard to assure that the Governor really  
8 understands how important it is that agriculture is, in  
9 fact, represented at every level. And I see that happening,  
10 you know, every step of the way. I think that it will get  
11 better.

12 What I've heard here today, the most important  
13 thing, is that agriculture can't give up making the  
14 decisions that are so important to this industry, and that's  
15 why we're here, we can't hand that over to somebody else  
16 that doesn't understand what our industry is about, where  
17 it's come from, and what it needs to survive today and in  
18 the future.

19 My background is mostly in support of immigration  
20 reform and ag. labor. And it was interesting because it was  
21 brought up as a disconnect of most of the issues pertaining  
22 to agriculture. And trying to tie it back, so people can  
23 understand how important it is, I think that it's so much  
24 more relevant now in light of 911, and what we went through.  
25 And through this meeting, today, I've listened to people

1 continuously bring up the issue of food safety, and securing  
2 our food, and what we put on the table, and being able to  
3 sustain that. And having reliable, and legal labor is  
4 critical to that. Because although all these other issues  
5 are so important, air quality, water, market, all of those  
6 things, if we don't have the people that we need for the  
7 crops that we're growing and what we're trying to do, we'll  
8 never get to the other issues.

9 And so we begin to understand that we can't just  
10 hand over these decisions to somebody else that may not  
11 understand how relevant they are to our industry, and ag.  
12 labor is part of that.

13 CHAIRPERSON JOHNSON: Comments by the Board?

14 BOARD MEMBER FEENSTRA: Comment, I'm just glad she  
15 was at the meeting last week, and she did an outstanding  
16 job. And the Governor hit her with a real quick question  
17 and she didn't blink, she gave him an answer and a  
18 recommendation. Thank you for your participation.

19 MS. HALLSTROM: Thank you.

20 CHAIRPERSON JOHNSON: Thank you. Any other  
21 comments or speakers today?

22 SECRETARY KAWAMURA: Don't be bashful.

23 CHAIRPERSON JOHNSON: Okay. If not, this final  
24 statement, I'm going to go ahead and submit the written  
25 statement. As I mentioned before, these transcripts will be



1 available within a couple weeks, we'll make it available on  
2 the internet.

3 And Karen?

4 BOARD MEMBER ROSS: No, when you're finished, I  
5 wanted to be recognized, when you're finished.

6 CHAIRPERSON JOHNSON: Okay. So, yeah, we'll go  
7 ahead and turn it over to the Board for further comment.

8 BOARD MEMBER ROSS: I appreciated, A.G., I think  
9 you said at the beginning of this that this is just the  
10 beginning point, it's not the day of resolution. But I do  
11 think a resolution would be appropriate for this Board to  
12 consider.

13 I think that we do want to be on record, I  
14 certainly do, as a Board member, I would like to see us on  
15 record commending the Governor for a bold, visionary process  
16 that's being presented to all of Californians about how  
17 government is going to be in the 21st century, and also  
18 commend the Secretary for making sure that everyone in  
19 agriculture, throughout agriculture, has an opportunity to  
20 understand what's there, that we're getting the information  
21 that we need to do the evaluation that we need. So I would  
22 throw that out there.

23 I mean, I have a couple of ideas about a couple of  
24 the, you know, whereas's we need to have there. But I,  
25 personally, believe that this is the right time to go on

1 record commending the process, and the importance of people  
2 weighing in, and the need to be involved, and there could be  
3 a couple of other things we could put in there, if it's not  
4 too premature.

5 CHAIRPERSON JOHNSON: Okay. Niaz.

6 SECRETARY KAWAMURA: I expect you to have the  
7 document underneath you.

8 BOARD MEMBER ROSS: Well, I've been writing some  
9 stuff, but it's --

10 BOARD MEMBER MOHAMED: I agree with Karen, I've  
11 been writing it down.

12 BOARD MEMBER CRABB: I think, along with Karen's  
13 comments, I think we need to capture what George Gomes said  
14 earlier, too, is let's do this right the first time, let's  
15 try to imagine what the unintended consequences are going to  
16 be of some of these actions and try to short stop those, so  
17 we're not having to reinvent California government again, in  
18 five years.

19 CHAIRPERSON JOHNSON: Charlie and then Mary.

20 BOARD MEMBER HOPPIN: Aside from Karen's comment,  
21 which is well taken, and I think we need to address, I think  
22 we're all here today because we have a passion for the  
23 health and the vitality of California agriculture.

24 And as the two George's mentioned, there's another  
25 integral part of that, and that's parity, whether it's

1 parity with other states, or parity with foreign  
2 governments.

3           And I think, A.G., something that you mentioned in  
4 your opening comment, that wasn't really agendized is -- and  
5 that's your privilege, by the way -- is another component of  
6 the CPR is the Farm Bill. And if California is going to be  
7 competitive in the world market, we need to have a  
8 comprehensive Farm Bill that not only deals with a rice  
9 producer from Northern California, but an onion grower from  
10 Imperial Valley.

11           And I think, as I've been in Sacramento, one  
12 graphic example that I have seen is the unions. And  
13 normally we're at each other's throats, but when the unions  
14 go into that building, they are the unions. They get in a  
15 room like this and the onion grower, from Imperial Valley,  
16 and the rice grower, from Northern California, and the dairy  
17 producer, and everyone else comes together and they have a  
18 united position.

19           And I have had the opportunity to work on the last  
20 two Farm Bills, and I will guarantee you that there are some  
21 very sophisticated people that come from other states, and  
22 when you look at the scope of California agriculture, we can  
23 be a driving force in that issue. And I think we need to be  
24 a driving force. But we need to be there, together.

25           And just as it's your function, today, to gather

1 opinions and form consensus, I think it's the function of  
2 this Administration, and this Office of this Administration,  
3 to bring agriculture together. Because I think, as a united  
4 agriculture in the State of California, we can bring states  
5 with commonality together and we can be a factor in the next  
6 Farm Bill, because I think that is an important component  
7 for the long-term health and viability of California  
8 agriculture. And I think it would be something, if done  
9 correctly, that would provide parity for us. And I would  
10 hope that you would address that or embrace that, I think  
11 it's important.

12 CHAIRPERSON JOHNSON: Okay. Mary, and then Bob,  
13 and then Drue.

14 BOARD MEMBER CRAMER: A.G., I want to commend you  
15 for your impartiality. It's been, I'm sure, very difficult  
16 for you just sitting, and in all of your meetings with the  
17 Governor, and all the other agencies, and you have to remain  
18 impartial, the Department has to remain impartial, and I  
19 commend you for your patience and impartiality.

20 And I look forward, and this has been a very good  
21 forum to bring divergent people together, we all have common  
22 issues, but it's the dialogue that is so important, and I  
23 think the dialogue is what can affect the change.

24 And even attending the first meeting, the dialogue  
25 does move people, and this is important to affect change.

1           Anyway, I thank you and I commend you for your  
2   patience.

3           CHAIRPERSON JOHNSON: Mary Parente, did you have a  
4   comment?

5           BOARD MEMBER PARENTE: Well, I think that in  
6   respect to the CPR, that it amazes me that we have had so  
7   little recognition in terms of an industry, in all the  
8   references that are made. We're really not given the great  
9   importance that we really should have. And I think that the  
10   opportunity is here that we can express all of what needs to  
11   be expressed, and we need to try to have our actions  
12   enforced, so that we will have a place in this State, and  
13   that people will understand who we are, and what our  
14   concerns are, and what we need to have done. Not only for  
15   us, but all the citizens of California, because we're the  
16   hand that feeds our people here, in California.

17           And I think a lot of the purchases of lands,  
18   taking away the lands from agriculture, for wetlands and all  
19   of this, has to be addressed, and this is probably a good  
20   time to get this addressed at this time. And it's going to  
21   be for the future of our children and our grandchildren.

22           So it is a really historical event at this time,  
23   that we need to act upon.

24           CHAIRPERSON JOHNSON: Thank you, Mary.

25           Bob.

1           BOARD MEMBER FEENSTRA: A.G., Chuck, I'm really  
2 impressed with the level of speakers we've had today. The  
3 former chairman, I want to thank you for your words. And  
4 I'm from Orange County, so thank you for the money,  
5 appreciate that.

6           A gentleman, by the name of John Dean, really  
7 impressed me today. And that is, John, we're going through  
8 a big problem tomorrow, and that is the supervisors in Kern  
9 want to put a moratorium on any development of dairies in  
10 that entire county.

11           And John, in your statement you talked about local  
12 issues, rather than science. And so a whole bunch of  
13 assumptions are being made, and my mom reminded me what  
14 assuming means.

15           George Soares and, of course, George Gomes --  
16 A.G., we've got a big job. And I guess the one challenge  
17 that I hear today, and I think our former chairman said it,  
18 tomorrow we have no one speaking from the Department. Of  
19 course, no one asked you.

20           And the level of influence that agriculture, this  
21 Secretary has, in California, and how it will affect the  
22 decisions by supervisors and municipalities across the  
23 State. So I see the job big, I don't know how you're going  
24 to do it all. And who can speak, when you can't be there?  
25 Chuck should, and others that can speak and look at the

1 supervisors from that county and say, wait a minute, we're  
2 going to change things. You've got to look at the science,  
3 not the local issues of another 100,000 homes moving into  
4 dairy areas.

5 So I'm really flattered today, Karen, with the  
6 level of people that spoke and the word that they got to  
7 this Board and our Secretary.

8 CHAIRPERSON JOHNSON: Drue.

9 BOARD MEMBER BROWN: Regarding your motion, I am  
10 also on the part of the Secretary, but I'd like to tie it to  
11 a product, being resolved of today as starting, but I think  
12 we're putting this together, and that I think it's just a  
13 better presentation if we have that resolution and all the  
14 resolve tied to the product.

15 I mean, he's doing an excellent job, but I think  
16 with the emphasis -- and you can tell me if I'm wrong, the  
17 emphasis is his background and his diligence in putting this  
18 together as it relates to the CPR. So was it narrow or was  
19 it broad?

20 BOARD MEMBER ROSS: I didn't make a motion, and I  
21 can't make a motion. But I would like for this Board to  
22 consider a resolution, and I don't know the date of our next  
23 meeting, that perhaps it can be drafted because a lot's  
24 going to happen over the next month.

25 But I think we have a general direction of where

1 we might want to go with that, and we could work with Karen,  
2 and the staff, to make it appropriate, but that we have a  
3 resolution at the next meeting, if that's possible. I'm not  
4 sure of the technicalities of that.

5 CHAIRPERSON JOHNSON: I'll have to work with John.  
6 Our next board meeting is August 31st, and so our notice has  
7 already gone out, so we'll see if we can -- but I can start  
8 working on a resolution.

9 BOARD MEMBER BROWN: Yeah, perfect time to address  
10 it.

11 BOARD MEMBER CRABB: The product part of this is  
12 there's some themes that were drawn through almost every one  
13 of the speakers, that I think we can pull up and put into  
14 that body, and send that message to the Governor about  
15 what's important to agriculture.

16 CHAIRPERSON JOHNSON: Right.

17 BOARD MEMBER MEYERS: Karen, I have a comment.

18 CHAIRPERSON JOHNSON: Marvin.

19 BOARD MEMBER MEYERS: Mr. Dyer, someone was saying  
20 48 percent of the CPR can be accomplished by Executive  
21 Order. Which ones would they be, are they spelled out?

22 CHIEF COUNSEL DYER: You know, I'm not even sure  
23 how the 48 percent was figured out. There are changes that  
24 can be made because they are within the Executive Branch and  
25 there aren't statutory implications. That gets really



1 complicated, what they would be.

2 BOARD MEMBER CRABB: Speak up, please?

3 CHIEF COUNSEL DYER: There are changes that can be  
4 made because there are no statutory implications and they're  
5 within the Executive Branch. It gets complicated which  
6 those are.

7 But as an example, when pesticide regulation was  
8 moved to Cal EPA, it was first done on an Executive Order  
9 and then it was confirmed, later, by legislation.

10 So depending on the amount of statutory language  
11 that has to be tweaked, there are a number of things that  
12 can be done, and I'd have to see the detail on everyone to  
13 know which ones can or can't be.

14 But, in terms of this Department, measurement  
15 standards moving to another agency, I believe could be done  
16 by Executive order. I suspect that the Health Safety Branch  
17 moving over here could be done by Executive order.

18 The Commodity Board and Fair thing could not be  
19 done by Executive order. So it will vary a little bit from  
20 place to place.

21 BOARD MEMBER MEYERS: The reason I asked that  
22 question is that I've always been harping amongst this  
23 Board, all these Board members, about communication with the  
24 legislative body.

25 This morning we had an opportunity to meet with a

1 couple of Senators, and it seems like we can't get off the  
2 dime and seem to get the message.

3           The Senator that visited here, just briefly, is a  
4 very busy person, who is going to be in charge of the Senate  
5 CPR committee. And she did agree to come and stop in, but  
6 there's a busy week ahead, and it just seems like we're not  
7 getting the message as ag. related, or ag. related  
8 businesses, or people that are interested in ag., getting to  
9 our legislative representatives and telling them our story,  
10 and how we want them to go.

11           Now, I don't know what the answer is, unless each  
12 person takes it upon themselves to genuinely go after a  
13 Legislator and tell them exactly the way you want things to  
14 go.

15           And when it comes to the CPR program, we must  
16 involved ourselves very strongly, and know what we're  
17 talking about, and go see your Legislator and tell them the  
18 way you want them to go. Whoever, whatever issues it may be  
19 that they vote on. I think that's our shortcoming.

20           One more thing I want to mention is that farmers  
21 are the risk takers, and we're the ones accountable for our  
22 own actions. There's nobody else to look to, there's no  
23 buck to pass. The bottom line are the growers.

24           The people that are representing us, only are able  
25 to represent us with the growers, like myself, being able to

1 pass on our wishes the way we want them to go. And if we  
2 don't do that, and there's a lot of growers that sit in the  
3 background, and complain in the coffee shops, and don't do  
4 anything, and they're the ones that we've got to get off the  
5 dime and explain to them that they're going to die through  
6 over-rules and regulations.

7 I, for one, have tried to track the rules and  
8 regs. in the last ten years, that have come down in the  
9 Central Valley, and it absolutely will roll you over if you  
10 realize, of all the different departments, whether it be  
11 fed, state, or county, what has been implemented on growers,  
12 most of them fee driven. And the bottom line is that it's  
13 time. We all talk about we got to do this, we got to do  
14 that, and if we don't step to the plate and take action, we  
15 are going to be lost.

16 It's frustrating to hear year after year, or  
17 meeting after meeting, that this is what we should do, but  
18 it never really moves forward. And it takes someone to get  
19 off the dime, and lead us through into the pit, and get it  
20 done, and the only way you're going to get it done is  
21 through a large group of people. A large group of growers,  
22 and ag. related businesses.

23 We all have our daily fires to put out, but if we  
24 don't rally behind the Secretary and the staff, we will not  
25 get anywhere. I tell you, we won't.

1           Don't forget, there's another side of this story,  
2   and that's the environmentalists. And they're extremely  
3   strong, and they tell a different story, and they have the  
4   ear of the consumer. So remember that. Because farming  
5   isn't what it used to be, there's very few young farmers.  
6   Very few young people can get into farming without having a  
7   father to pass it down to him. And very few can get  
8   financed and set up shop to be a farmer.

9           So the only way to have farming go forward is we  
10   have to take a stand and say we're not going to let them  
11   take us out. There's a lot of guys I know that are selling  
12   out to developers. I know a buddy of mine that sold for  
13   \$14,000 an acre, and just a happy camper. And it just  
14   shocked me that he bailed out. But he said, there's more  
15   money, and I have less headaches, and I can't take it  
16   anymore.

17           So the bottom line, you've got to realize it, take  
18   my message, if you want, but we have to stick together,  
19   follow our leader, take his advice, and move on.

20           But just talking about it amongst ourselves, just  
21   isn't going to get it. This Senator is one that is from  
22   Silicon Valley, that is interested in agriculture. Did a  
23   tour in the valley, at my urging, and there's more and more  
24   of that. And we just have to reach out, as a grower, or an  
25   ag. related business, and say, come, and let me tell you the

1 direction you should go in. Their complaint is they don't  
2 hear from anybody, and that just kills me how they vote on  
3 the floor without any guidance from ag.

4 So that's my message, thank you.

5 SECRETARY KAWAMURA: You know, I think really in  
6 closing, it's been nothing but opportunities since November,  
7 since we all showed up here. I think the whole thought was  
8 we were witnessing a demise of a State that we all live in,  
9 that we all believe in. We actually believed in the  
10 democratic process and came up with a recall. Some people  
11 didn't believe in it at all but, guess what, it happened.

12 This process, CPR, is another exercise in  
13 democracy that we may not see again for a long time, but if  
14 this Administration, at least, is willing to support it,  
15 believe in it, and expect that out of it comes a better  
16 State, then shame on us if we don't take every single option  
17 and opportunity to maximize our potential as an industry,  
18 for the State's benefit.

19 We are working for ourselves, of course, our own  
20 companies, our own areas of expertise, our own associations  
21 but, ultimately, I think somehow we have to be able to  
22 convince and show that we are here for the benefit of a  
23 state, that we're part of the potential of what a state  
24 might be. And then in that process, then make our  
25 arguments, and our plea, and our education process that much

1 more concentrated, that much more pointed, that much more  
2 converging lines, as we spoke about that for years and  
3 years. We can do all these parallel efforts in a lot of  
4 different areas, but we have to converge on the vision of  
5 where we want to be, this 20 year plan, this 100 year plan.

6 We've been taking baby steps, but we have been  
7 moving forward as a Department. I've very, very proud of  
8 the really hard work that our Department has been doing.  
9 And special thanks to John. Kim's not here. John Dyer and  
10 Kim Miramon, for working extremely hard in that one area of  
11 CPR that dealt with the fairs, and the commodity boards, and  
12 the commissions.

13 Had they not put some expertise and work into that  
14 area, they were absolutely on the chart for full  
15 elimination, as was our entire Department. And for all the  
16 rest of our Department that put in a lot of work, we ended  
17 up emerged, again, with an opportunity, not as a little  
18 bubble under some super agency, we were able to at least get  
19 to the point where there was recognition at the CPR level  
20 that this department, and what it does for this industry, is  
21 a very, very important part and a very efficient part of  
22 what this State's all about.

23 What's interesting, though, is that in two days,  
24 with this same room, with this beautiful mural that was  
25 drawn by an outstanding FHA student, just on her spare time,

1 we're going to have a chance, Wednesday, to sit with all the  
2 Cabinet. The Governor will be here, with all the Cabinet,  
3 and I'll get my first chance to give a full presentation on  
4 what the agricultural future of this State looks like. And  
5 we will be asking those Secretaries to realize that they  
6 have an enormous role to play in helping us help them, and  
7 us helping them help us, and it goes two ways.

8 And so we're going to be very excited to have that  
9 happen. But it wouldn't happen without all of you being  
10 here, without all of your good input, all of your support.  
11 And like we said, this is just the beginning. We've got a  
12 lot of work to do. Let's continue to work in those groups,  
13 volunteer where you can.

14 More importantly, the guys that aren't here today,  
15 the guys that weren't here last Monday, the guys that  
16 haven't been to some of the meetings, it's not as a point of  
17 exclusion, it's just we're trying to incorporate a much  
18 bigger body of ag. people than we've ever seen before.

19 So this idea that there's a small cadre of ag.  
20 people that we're trying to work with, that is not ever  
21 going to be the case. It's a much broader group. We have  
22 great outreach and communication capacity, driven by our IT  
23 people. We've got a new website that's just about ready to  
24 be put into play. It's a portal, if you will, to working  
25 with all of the things that affect ag. throughout the State,

1 and all the different departments.

2 It's pretty exciting, and we're going to have that  
3 online very shortly here, hopefully in time for September  
4 17th.

5 September 17th, again, at least seems to be one of  
6 the critical days, down in Fresno, where they will be  
7 talking about Resource Conversation and Environmental  
8 Protection.

9 Again, all of these are important, all of these  
10 will need the presence of Ag. to say what they need to say.

11 Very shortly here, this Department will have its  
12 chance to weigh in, with its full opinion, on what it thinks  
13 is right and wrong about CPR, and right and wrong about how  
14 this State treats agriculture.

15 At this point we are being very neutral, and we'll  
16 continue to be neutral until given the opportunity. But  
17 when it's time for us to weigh in, believe us, we certainly  
18 are going to have our opinion and it's because you guys are  
19 helping us with that opinion.

20 And, more importantly, it's one thing to get to  
21 the top guy, it's one thing to be able to talk to this  
22 Governor, but please -- and Mark Quizenberry is here, who's  
23 the President of CACASA, the Ag. Commissioners, and we  
24 really -- and Marvin, what you just said, we really need to  
25 recognize as -- and I say this "we," whether it's as a



1 Department, or whether it's a farmer with a cap on, that at  
2 the supervisor level, at the city council level, much of the  
3 future of ag. will be decided, because there's been outreach  
4 at those levels and moving it up.

5 We'll do our best at the top to move a view, a  
6 vision, or an idea of what agriculture can be for the State.  
7 Somewhere, between there, there will be the converging, ah-  
8 ha, that this is a very important future for California, and  
9 so we're going to work towards that.

10 Thank you, again, on short notice, all of you, for  
11 being here. I'm going to imagine there's going to be a lot  
12 of short notice meetings over the next month or two. But  
13 how exciting it is, then, that we are in this process and we  
14 have a chance to do so much.

15 So thank you very much, everybody, for being here.

16 CHAIRPERSON JOHNSON: The meeting's adjourned.

17 (Thereupon, the meeting was  
18 adjourned at 1:20 p.m.)

19 --oOo--

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## CERTIFICATE OF REPORTER

I, JAMES RAMOS, an Electronic Reporter, do hereby  
certify:

That I am a disinterested person herein; that the  
foregoing California Food & Agriculture Special Board  
Meeting was reported by me and thereafter transcribed into  
typewriting.

I further certify that I am not of counsel or  
attorney for any of the parties in this matter, nor in any  
way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand  
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James Ramos

Official Reporter

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